State of Martech and Marketing Operations 2023/24

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01 Introduction

LXA has been dedicated to researching marketing technology for over six years now.

During that time, we have conducted numerous research studies and engaged in extensive interviews with marketing leaders and practitioners to delve into the practical application of marketing technology.

We are delighted to present our third annual State of Martech and Marketing Operations report. Based on an in-depth survey of over 600 senior marketers, it paints a crystal clear picture of how marketing technology is gaining even more prominence in the realm of business.

Martech budgets have witnessed continuous growth and are projected to surge further in the upcoming 12 months. Businesses have come to recognise the indispensability of martech in meeting and exceeding customer expectations.

This year's research delves into the transformations witnessed in the market throughout 2023, the challenges that marketers grapple with due to prevailing economic conditions, the present status of martech maturity, the intricacies related to talent and skill gaps, the role of the modern marketing stack, and the strategic business challenges that these technologies are instrumental in resolving.

And of course, it explores the future of marketing technology and the influence of artificial intelligence. AI is clearly going to play a significant role going forward, with marketers investing significant time and resources in this space. 2024 will be the year of AI-driven innovation. Not just in marketing but across CX and sales.

The report includes valuable insights and action points for marketers of all levels, looking to gain a comprehensive understanding of the initiatives CMOs are poised to undertake and the technology tools they intend to acquire and leverage in 2024.

Finally, I would like to thank Tealium for their support of this year's report and their continued role in sharing knowledge with our community.

Carlos Doughty
Founder, CEO and
Course Instructor, LXA

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02 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 martech and marketing 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 604 respondents was conducted during August 2023. All respondents were Chief Marketing Officers (CMO) or equivalent from both B2B (54%) and B2C (46%) organisations of 200+ employees. Respondents were from the US (34%), UK (20%), Europe (13%) Middle East (16%) and Asia Pacific (17%).

This report also contains commentary from respondents interviewed by LXA. LXA would like to thank the following people for their contributions to this report:

- **Carlos Doughty,** CEO & Course instructor, LXA
- **Scott Brinker,** Editor, chiefmartec.com
- **John Hardy,** SVP, Marketing Technology, ANA
- **Michelle Welborn,** Sr Director of Marketing, Togetherwork
- **Adele Kurki,** Martech and Operations Lead, Aiven
- **Henk-jan Ter Brugge,** Head of Martech, Philips
- **Michael Klazema,** Chief Marketing Technologist, Director, EY
- **Laura Merten,** Martech Solutions Architect, Hogarth Worldwide (WPP)
- **Darrell Alfonso,** Director of Marketing Strategy and Operations at Indeed and Course Instructor, LXA
- **Rachael Smith**, Director of Marketing & CX, LXA
- **Frans Riemersma**, Founder, MartechTribe

03 Executive Summary

State of Play

The market for martech solutions continues to show strong growth, with martech accounting for a higher proportion of marketing budgets, and organisations expecting to increase spending on marketing technology over the next 12 months.

- The martech and salestech market is now worth $669bn worldwide, an increase of 31.5% from 2022.

- This increase has been driven by a range of factors, including continued investment in digital transformation, the need for tech to help organisations shift towards a first party data strategy, as well as the popularity of AI-powered technologies.

- The martech vendor landscape continues to grow, with more than 11,000 solutions on the market in 2023.

Maturity

There has been an improvement in maturity levels across the board, when compared to previous years. Marketers have been working hard to advance their digital capabilities, especially since the pandemic, and this is reflected in improved maturity.

- Martech Planning & Strategy has improved every year since 2021, as has People & Teams, as companies improve capabilities through training and recruitment.

- Though we're seeing an improvement, People & Teams remains the area of lowest maturity, which underlines the need for martech training. 52% of CMOs believe that lack of skills and knowledge is holding back maturity.

- Each of the maturity pillars feed into each other, so we can see that improved planning and strategy, as well as upskilled teams helps to improve maturity both

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in terms of tech capabilities (platforms, apps & ecosystems), and process and marketing operations. On the latter point, organisations are planning to increase the size of their marketing operations teams.

- The CMOs we surveyed have relatively high levels of maturity around Pioneer & Pilot. This year we've seen Twitter become X, the launch of Threads, and new hardware such as Apple's VR headset. Alongside this, we've seen an explosion of interest in AI. With the tech space in constant flux, organisations need to keep pace with changing tech capabilities and customer behaviour.

Budget / ROI / ROT / Effectiveness

Marketing budgets have shifted when compared to 2022. More challenging economic conditions have led to companies reducing headcount, while maintaining or increasing martech investment. The majority of organisations are planning to increase technology spending in 2024, driven by the need to improve the customer experience.

- Martech now accounts for 30% of marketing budgets, up from 24% in 2022. At the same time, labour costs have dropped from 35% to 28%. Headcount reduction is one explanation, as is the nature of martech licences, which are often multi-year.

- 83% of CMOs expect martech budgets to increase in 2024. Despite this, 50% of CMOs still see budget constraints as a barrier to martech investment - this may reflect vendor price increase, or perhaps that CMOs would always like a little more budget.

- Organisations are investing in martech to improve customer experience (61%), expand into new markets (56%) and to meet strategic goals and objectives (55%).

- CMOs see martech as key to meeting goals and objectives, and it's grown in importance over the past 12 months, as marketing budgets have been squeezed.

- 66% of CMOs say they can accurately measure the effectiveness of martech investments, with increase in productivity one of the key metrics used - this reflects the need to use martech to drive productivity as labour costs are reduced.

Modern Marketing Stack

Management of the marketing stack, and ensuring that data flows effectively between tools is a major challenge for any CMO. For this reason, we see CMOs planning to invest in and upgrade data capabilities.

- 76% of CMOs see data as the foundation which underpins the effectiveness of the marketing stack. It isn't enough just to have the talent and tech in place, success is dependent on the effective management of data.

- Organisations are investing in and upgrading data governance tools to manage privacy and compliance, and CDPs to enable marketers to centralise and unify customer data.

- Where tech has failed to meet expectations, this is often the result of a lack of team capacity, meaning some companies are bringing in tech without factoring in the need for the staff and skills to manage it, failing to match tech to business use cases, and without the training and skills in place to enable teams to use technology effectively.

- 72% of CMOs expressed a strong preference for a 'best of breed' approach when designing the marketing stack. This helps to account for the average of 56 tools in stacks, as marketers pick and choose the tools which best fit their needs.

People, Talent, Skills & Knowledge

Talent shortages remain an issue for most organisations, as there are not enough people with the skills and knowledge around martech and marketing operations. This limits the ability of organisations to invest in and make best use of technology, and holds back overall maturity levels.

- 63% of CMOs expect to increase the size of marketing operations teams in the next 12 months, seeing this function as essential for planning of martech initiatives, evaluation and selection of technology, managing the tech stack, and providing training and support for marketing teams.

- CMOs understand the importance of skills issues, and that the talent they need isn't easy to recruit. Therefore we see a focus on upskilling and reskilling in-house teams, and using specialist agency partners to fill gaps in knowledge and capability.

- AI is a key area for upskilling with 67% of CMOs looking to improve skills and knowledge of AI, while 54% are looking to improve their teams' capabilities around CX design.

- With lack of IT and marketing alignment cited as a barrier to martech investment by CMOs, the two departments need to work closely in areas such as data and technical infrastructure.

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- Ownership of tech selection, strategy and operations usually sits with marketing, while IT has more influence over integration, martech tool project management and troubleshooting.

Future of Martech

Technology and customer behaviour is subject to constant change, and marketers need to stay on top of developments. AI is front of mind for many CMOs, with many looking to upskill teams in this area, and innovation management a key focus for the next 12 months.

- Martech strategy development, road mapping and budget management continues to be the top area of focus for CMOs to advance (for the third year in a row). Innovation management is the second biggest area, unsurprising with raid tech changes.

- There's an enthusiasm amongst CMOs for AI, with 73% believing that AI will improve both the efficiency and effectiveness of marketing over the next two years.

- 47% of CMOs are piloting, or looking to pilot, initiatives around AI and ML in the next 24 months (is this low considering hype). Internet of things (52%).

- With data legislation continuing to be upgraded / introduced around the world, and the questions raised by AI, cyber security and digital ethics is a focus for 53%. 5G/6G top area for pilots (56%) as marketers look to use capabilities for better mobile experience.

04 State of Play

The market for marketing technology has been growing rapidly over the past decade, and our research finds that the market has continued to grow year-on-year, even in the context of more difficult economic conditions.

Technology now sits at the heart of marketing strategy and, as such, has been somewhat protected against budget cuts. In addition, with spending on digital transformation up year-on-year and the rise predicted to continue, there's no sign of the market slowing down in the near future.[1]

We estimate that the global market for marketing technology solutions is worth $669.3bn in 2023, up 31.5% from $508.9bn in 2022.

$669.3bn

GLOBAL MARTECH & SALESTECH MARKET SIZE
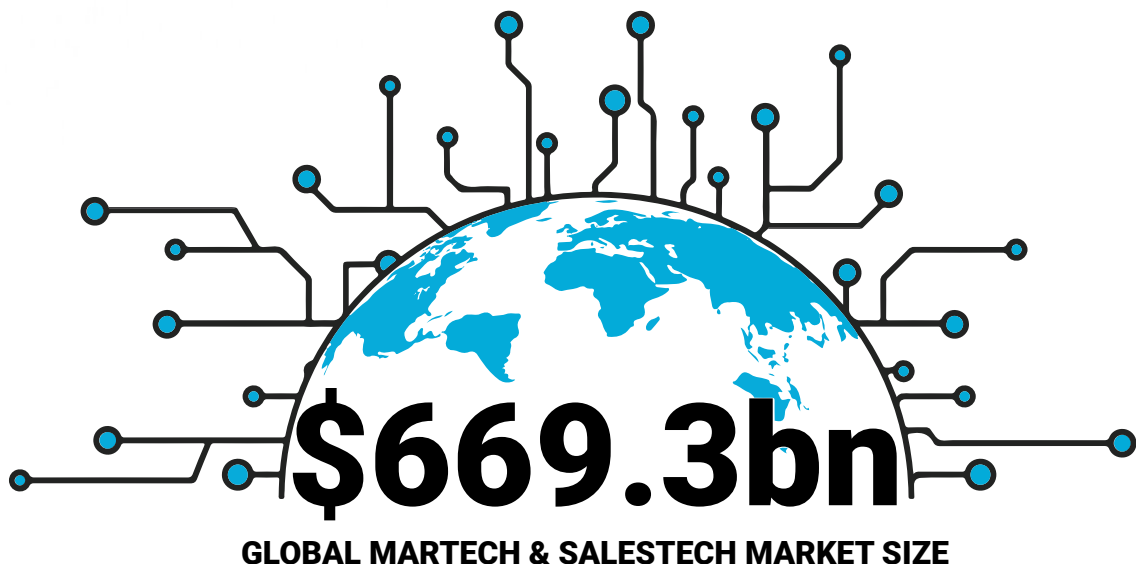
Note: The approximation of market sizing has been calculated using WARC's ad spend data (Global: US$922.5bn) and LXA's survey response data on marketing budget spend split by percentage (across martech, staff, agency/services and media). The methodology assumes ad spend is a proxy for marketing communication 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.

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Martech Market Size and Ad Spend 2021-2023
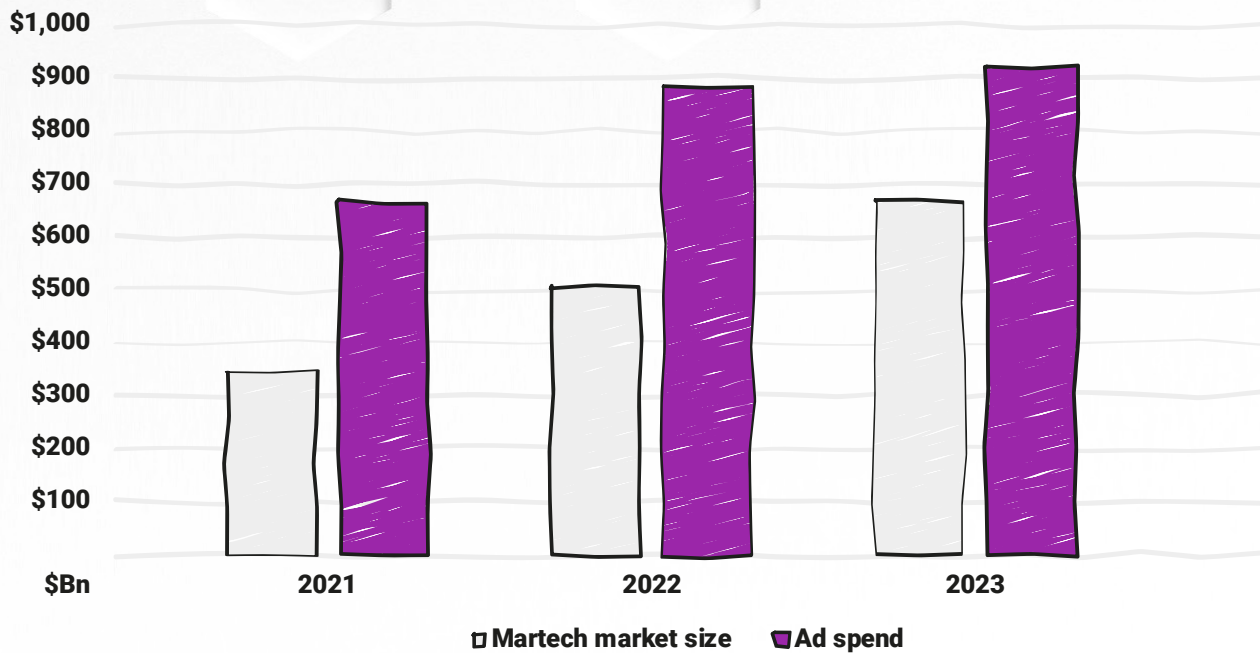
The martech landscape is a microcosm study in supply and demand. The cost to generate supply (of new martech apps) has been steadily dropping for two decades. Cheap cloud infrastructure, free open source frameworks, frictionless global talent networks, and now AI coding "copilots" accelerate software development even more. The result has been a proliferation of martech apps. At least in the short term, that trend seems to be continuing.

Scott Brinker, Editor, chiefmartec.com

Last year, we saw a shift in focus in the industry due to challenging market conditions, with tech vendors moving away from aggressive growth strategies towards greater profitability, with reduction in headcounts in some organisations.

We witnessed fewer deals and investments in the sector, but martech M&A remained robust. Deal volumes have picked up during 2023. According to Luma, Q3 2023 was the fourth straight quarter of increased M&A deal activity, with deal volumes up 21% year-on-year.[2]

There have been fewer deals of $100m or more, but activity is picking up. Looking at market performance, while martech firms are down from the elevated levels of 2021, performance has been strong so far in 2023.

In Q2 2023, martech shares tracked by Luma are performing 15% higher compared to 2022, as investors take note of resilient underlying business results despite difficult market conditions.

In addition, the growth of AI and the possibilities offered by AI-powered tools has driven investment in this area. A majority of our respondents expect that AI will improve efficiency and performance of marketing campaigns, and many are already using or planning to introduce AI tools.

We've also seen plenty of M&A activity around AI-related tech vendors and startups, as well as a battle between tech giants Google, Microsoft, Amazon and Meta around AI. Google has developed Bard, its answer to ChatGPT, while Microsoft has continued to invest heavily in OpenAI. Meanwhile, Amazon has made a huge investment in AI startup Anthropic.

Examples of investment in AI include:

- **Open AI -$10bn from Microsoft**[3]
- **Amazon invested $4bn in AI startup Anthropic**[4]
- Salesforce acquired Airkit.ai[5]
- Reely.ai acquired by VideoVerse[6]
- Pixelz.ai acquired by Storyteq[7]
- Splio acquires Tiny Clues (AI)[8]
- Sprout social acquires Repustate[9]
- Momentive acquired by STG for $1.5bn[10]
- OpenWeb acquired Jeeng, an AI-powered message personalisation platform for publishers[11]
- Claravine acquired Netra[12]
- Snowflake acquired Neeva[13]
- Elastic Path acquired Unstack[14]
- xfactor.io acquired DecisionLink after previous $10m investment[15]

Other notable examples include:

- Contentsquare completed its acquisition of product analytics firm Heap[16]
- Hibu acquired automation platform Signpost[17]
- Nextira acquired by Accenture[18]
- Qualtrics acq by Silver Lake for $12.5bn[19]
- Volaris acquires Click Dimensions (Sales Enablement)[20]
- Conductor acquires Searchmetric[21]
- Neptune acquires Quotient for $430m[22]
- Klaviyo was valued at $9.2bn after its IPO in September 2023[23]

Three marketing dollars out of every ten are spent on martech in an industry worth nearly $700bn. This is a discipline that must be top of the agenda for every CMO.

Carlos Doughty, CEO & MarTech Course Instructor, LXA

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05 Maturity

Those organisations using martech effectively and seeing the best results generally have the right planning, processes, technology, and skills in place.

LXA's framework, the 5Ps of Marketing Technology & Marketing Operations, is designed to simplify the challenge of planning and executing martech strategy, and includes an assessment of maturity across five key pillars:

- Planning and Strategy
- People & Teams
- Platforms, Apps, & Ecosystems
- Process & Marketing Operations
- Pioneer & Pilot

Our survey respondents assessed their own maturity for each of these five pillars, and the results demonstrate a general improvement in maturity levels across the board compared to the same surveys in previous years.

This is to be expected. We're now a few years on from the pandemic, which saw an inflection point in the adoption of marketing technology. Since 2020, organisations have been accelerating digital transformation, and building out their martech teams and capabilities.

Maturity levels for Planning & Strategy have improved every year since 2021, as has People & Teams. Companies have been improving the capabilities of their teams through training and recruitment, though this remains the area of lowest capability, with 52% of CMOs believing that lack of skills and knowledge is holding back maturity. This underlines the need for further investment in training.

Martech maturity is a big hurdle. Many brands feel they are behind. We need to change our thinking about buying and implementing Martech. Customer technology is a different creature to company technology (ERP, Warehousing, logistics). Both have a different logic. We need data-driven marketers need to understand how to build business cases that take the customer as a starting point.

Frans Riemersma, Founder, MartechTribe

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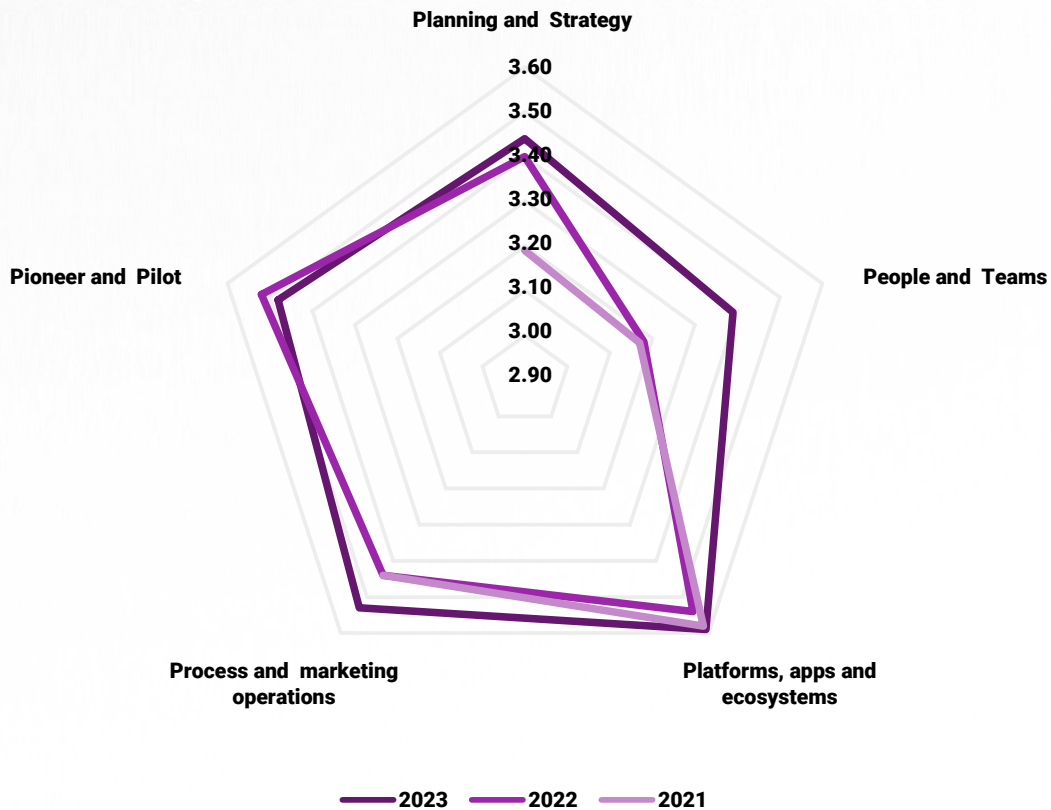
The maturity pillars are interconnected, so improvements in one area typically feed into others. For example, improved capabilities around Planning & Strategy will feed into Platforms, Apps & Ecosystems as tech is acquired following careful planning, and is aligned with business goals.

While more organisations are moving from basic or sub-par levels of maturity, those reporting advanced maturity are in the minority, so there's still room for improvement in the majority of businesses.

Martech is transitioning towards being an essential business capability across all industries and departments. There will be less focus on the martech alone, and more on how it interacts with the broader company ecosystem of process, people, platforms. If you want to do business you need to have your tech in order, and this will drive efficiencies. Talent, and understanding of both tech and business will be a major factor for success.

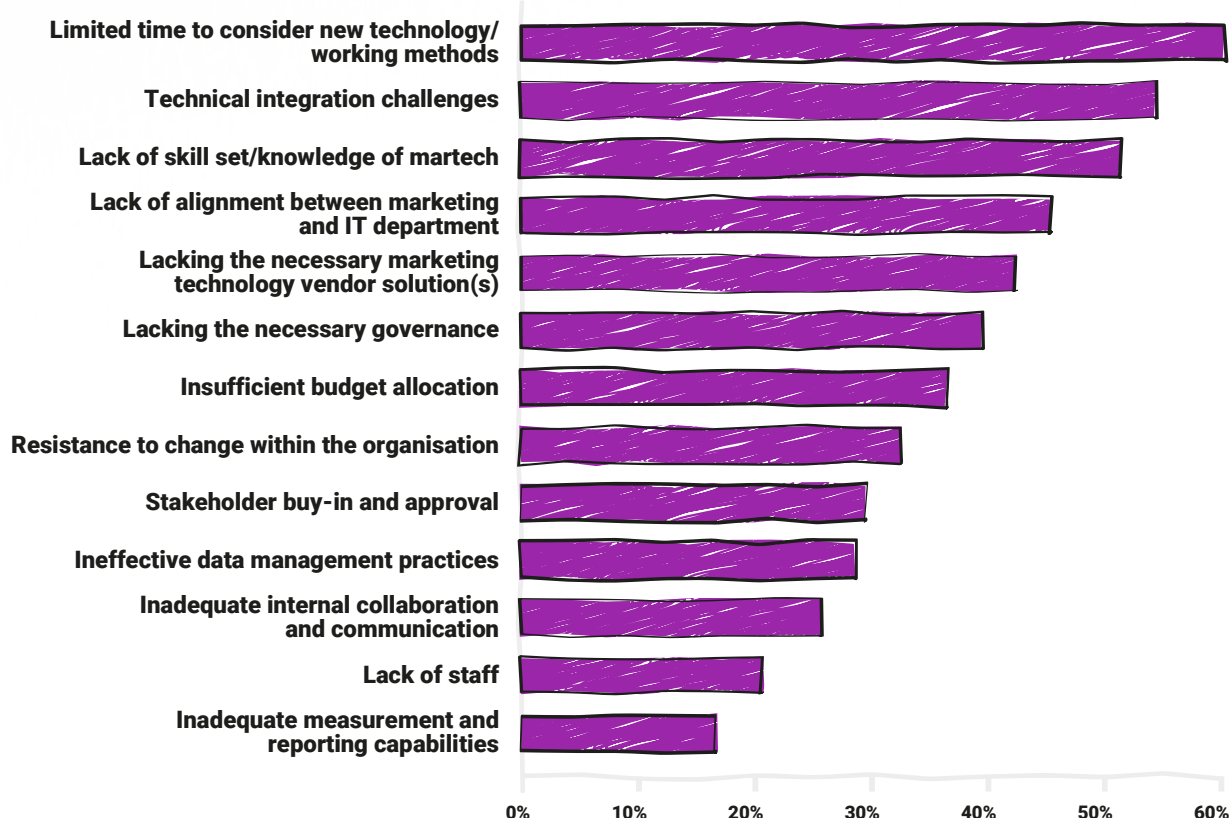**Henk-jan Ter Brugge**, Head of Martech, Philips

Factors holding back martech maturity include the time needed for planning, strategy and process around martech.

Without the time to plan martech acquisition, and the processes to implement new tech and manage day-to-day usage, the risk is that tech is acquired that doesn't fit use cases (something we see from other data in this report), and that it isn't used effectively once acquired.

Integration challenges, cited here by 55% of CMOs, are a perennial issue, one which vendors can help solve by ensuring that software integrates with the tech tools commonly used by clients.

Integration issues are also related to the next answer, the lack of the skills and knowledge needed to manage integration while ensuring that data flows easily between apps. 52% of CMOs also cite skill shortages as a barrier to maturity.

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

Barrier	
Limited time to consider new technology/working methods	~61%
Technical integration challenges	~55%
Lack of skill set/knowledge of martech	~52%
Lack of alignment between marketing and IT department	~46%
Lacking the necessary marketing technology vendor solution(s)	~43%
Lacking the necessary governance	~40%
Insufficient budget allocation	~37%
Resistance to change within the organisation	~33%
Stakeholder buy-in and approval	~30%
Ineffective data management practices	~29%
Inadequate internal collaboration and communication	~26%
Lack of staff	~21%
Inadequate measurement and reporting capabilities	~17%

Even within organisations, maturity levels can vary, with certain martech capabilities setting higher standards. It's important that businesses have mechanisms to share processes that

work, and knowledge of martech, ensuring that the full range of capabilities are available to marketers throughout the company.

There is a need to look at martech maturity from a broader lens, including non-marketing or sales related departments and seeing it as a baseline and a catalyst of growth. Organisations have to account for the dynamic nature of technology and bet on a holistic approach to reach full maturity.

Henk-jan Ter Brugge, Head of Martech, Philips

71%
Agree/Strongly Agree

Marketing technology is at the heart of our marketing strategy and critical to meeting our business goals.

Action points

- **Audit your martech maturity.** Carry out your own martech maturity assessment to find the areas where you need to improve, and to benchmark your maturity against the levels reported here. By understanding current capabilities, you can identify areas to prioritise for improvement.

- **Address shortages of skills and knowledge.** The ability to deliver on martech projects, and to extract maximum value from tech will be defined by the people driving it, yet this is what is holding martech back in many organisations. Today's marketing teams need people skilled in data, technology and analytics, but most companies don't have them. One solution to this is to invest in training and upskilling teams so they have the martech skills and knowledge needed.

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06 Martech Budgets and ROI

With marketing budgets under threat thanks to economic conditions, it's been a challenging year for marketers. Economic conditions have led to some companies reducing headcount, while tech budgets are likely to come under greater scrutiny than before.[24]

Marketing technology spend now accounts for 30% of marketing budgets, up from 24% in 2022. This increase can be partly explained by the fact that labour costs have dropped compared to last year, from 35% to 28%.

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

21%
Media

21%
Agency/Services

30%
Marketing technology

28%
Staff/Labour
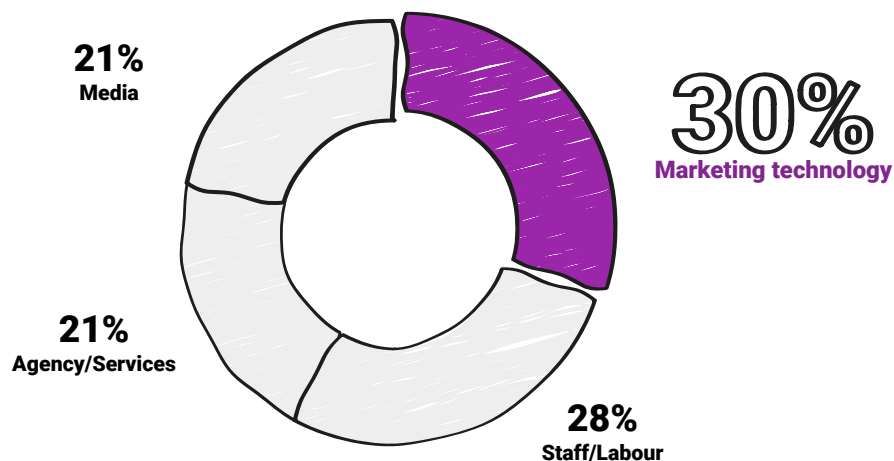
This is a trend many of the contributors to this report have also noticed. While companies have more flexibility around headcount, they can't always easily change multi-year martech licences. Others have come to rely on technology to deliver long-term efficiency savings and to achieve marketing goals.

Our survey finds that the majority (83%) of organisations expect to increase technology spending in 2024, with an average budget increase of 11.24%.

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Despite this, 50% of CMOs still see budget constraints as a barrier to martech investment. This may reflect competing priorities for investment, increased tech costs, or simply that any marketer would always like a little more to spend.

How do you expect your organisation's marketing technology budget to increase/decrease over the next 12 months?

4%
Reduce

13%
No Change

83%
Increase
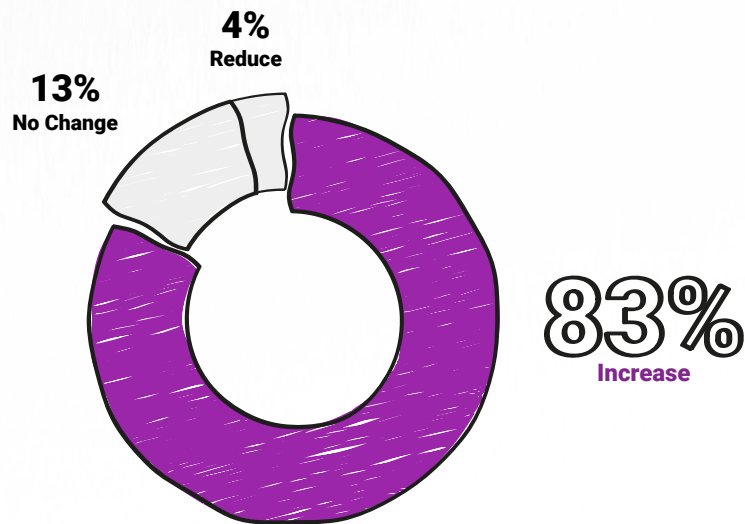
The strategic importance of customer experience in building brand loyalty and driving revenue is reflected in the fact that Improving the customer experience is the main driver of increased martech spend, followed by the need to expand into new markets.

Bridge the Martech & Marketing Ops Skills Gap

64% of CMOs find it challenging to recruit people with the right skills thanks to the lack of talent on the market

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What are the key drivers behind changes to your organisation's martech spend? (Top Ten)

Driver	Approx. %
Desire to enhance customer experience and engagement	~62%
Expansion into new markets or customer segments	~57%
Marketing team's strategic goals and objectives	~56%
Emergence of new marketing channels and platforms	~45%
Increasing demand for data-driven marketing insights	~41%
Need for improved marketing efficiency and effectiveness	~38%
Need for marketing automation and workflow optimisation	~37%
Demand for advanced analytics and AI-driven marketing capabilities	~31%
Integration and consolidation of marketing technology stack	~30%
Changing customer behaviours	~27%

CMOs see martech at the heart of marketing strategy. It's key to meeting goals and objectives, and has grown in importance over the past 12 months as marketing budgets have been squeezed.

Measurement of martech impact is improving. 70% of CMOs say they can accurately measure the effectiveness of martech investments, compared to 62% in 2022. This perhaps reflects greater scrutiny of tech spending, and the resultant need to justify tech investment to leadership teams.

Increase in productivity is the most popular measurement used, followed by increase in business revenues. With headcount reductions in some companies, this reflects the need to use martech to drive greater productivity. In addition, the ability to tie martech investment to business outcomes means the case for investment becomes more persuasive.
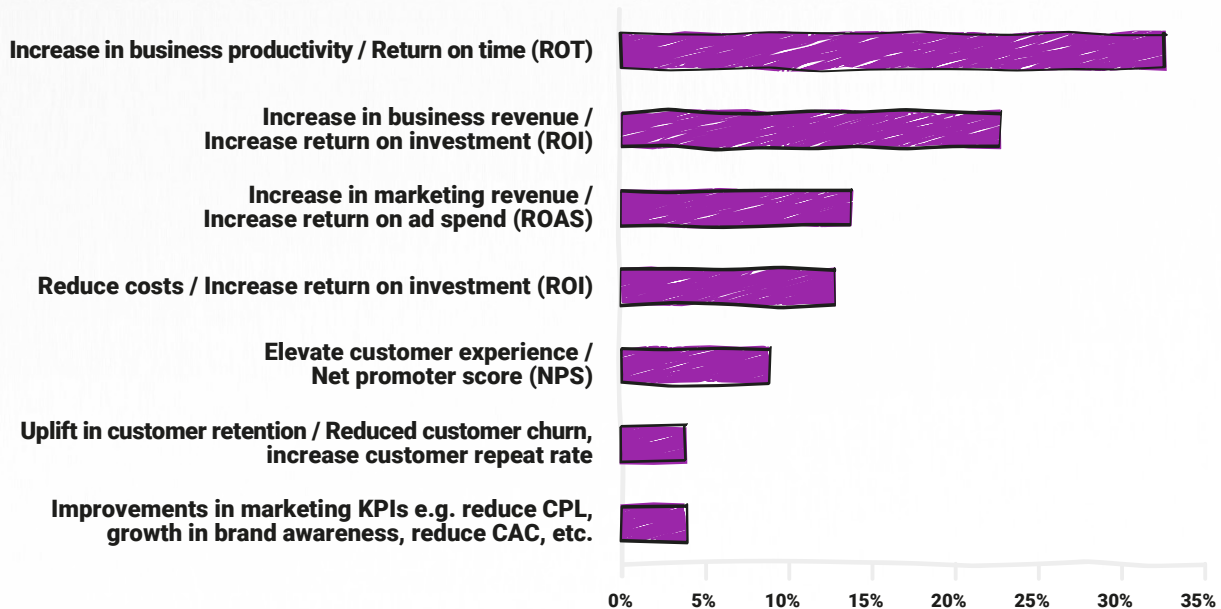
With martech central to modern marketing, it's vital that organisations understand the challenges which restrict investment in technology. With lack of knowledge and skills a key issue, training is needed to upskill teams and improve martech maturity levels.

Rachael Smith, Director of Markeitng and CX, LXA

What are the key measurements of martech effectiveness in your organisation?

Increase in business productivity / Return on time (ROT)

Increase in business revenue / Increase return on investment (ROI)

Increase in marketing revenue / Increase return on ad spend (ROAS)

Reduce costs / Increase return on investment (ROI)

Elevate customer experience / Net promoter score (NPS)

Uplift in customer retention / Reduced customer churn, increase customer repeat rate

Improvements in marketing KPIs e.g. reduce CPL, growth in brand awareness, reduce CAC, etc.

0%   5%   10%   15%   20%   25%   30%   35%

For martech, there is always a need to develop and optimise, so effectiveness is very much aligned to the stack owner's business understanding, proactiveness, and technical ability. Martech effectiveness should be measured within certain KPIs that are regularly revisited.

**Adele Kurki**, Martech and Operations Lead, Aiven

Though martech budgets are set to grow, there are areas which are holding back martech investment. The challenge of differentiating between large numbers of suppliers is the largest barrier, cited by 55% of respondents.

This is no surprise given the continued growth of the industry - Scott Brinker's Martech Landscape now includes 11,038 vendors, up 11% on 2022. With many tech tools tailored to similar use cases, and commonality of features, it's easy to understand why marketing teams are struggling with tech selection.[25]

Despite CMOs allocating an average of 30% of marketing budget to technology, budget constraints are still cited as a barrier to investment. This can be explained by inflation causing increases in vendor prices, as well as the desire for marketers to experiment with new technology.

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What do you see as the main barriers to marketing technology investment in your organisation?
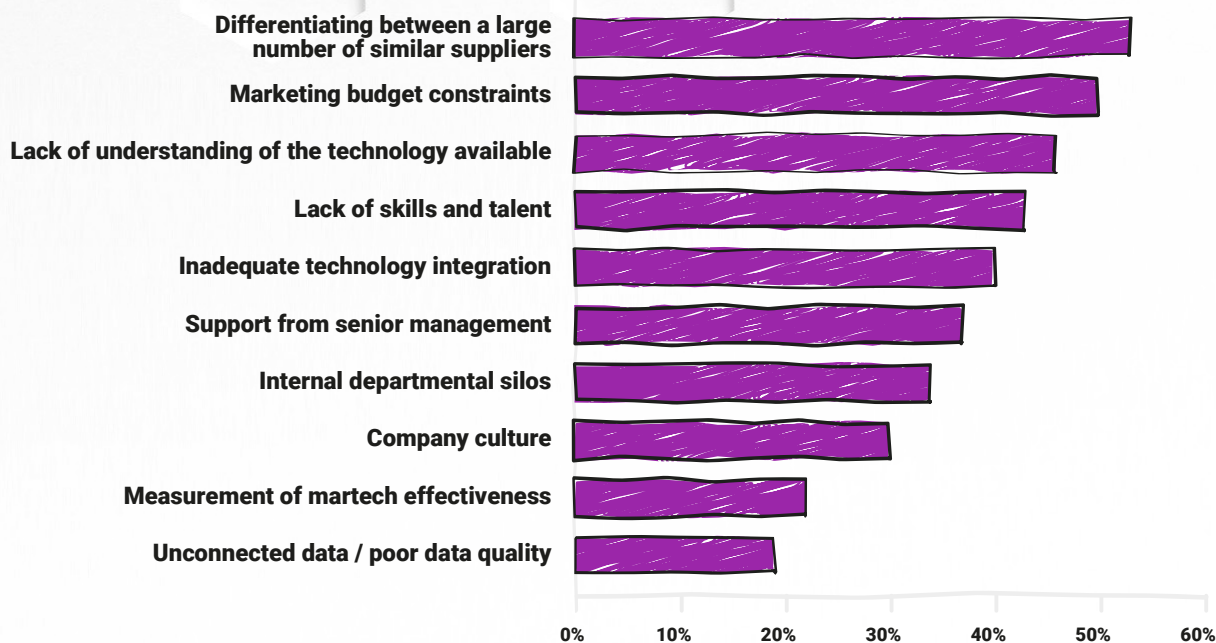
Many of the barriers relate to talent shortages, and the need for greater skills and knowledge in martech, which will be covered in more detail later in this report.

We've seen a proliferation of martech apps but, from a buyer's perspective, what matters most is the use case — what capability or customer experience will the software enable — and the vendor and deal dynamic. It's a complex landscape. But as an upside, it's one where the capabilities that marketers seek are out there. Choice is hard, but it's better than no choice at all.

Scott Brinker, Editor, chiefmartec.com

Action points:

- **Improve measurement of martech**. With budgets under scrutiny, it's important to gain a clear picture of martech effectiveness to justify current and future spending on technology. It's also useful to use a broad range of metrics to gain a more complete picture of how martech can drive business performance.

- **Remain focused on the customer experience.** The fundamental aim of marketing technology initiatives is to improve the customer experience to attract and retain customers more effectively. Marketers are introducing tech to achieve this goal, and measurement should also reflect this.

07 Modern Marketing Stack

The modern marketing stack runs on data, and marketers need the tools and technologies to collect, store, process and analyse data, with the ultimate goal of driving rich customer experiences.

75% of CMOs see data as the foundation which underpins the effectiveness of the marketing stack. It isn't enough just to have the tech in place, success is very often dependent on the effective management of data, and the ease with which it can flow between systems.

75%
Agree/Strongly Agree

Data is the foundational layer underpinning the effectiveness of our marketing stack.

The importance of data is further elevated by the growing importance of providing personalised experiences, as well as the need to move away from reliance on third party data, and to ensure that customer data is handled reliably.

The data stack is shifting its focus on facilitating the collection, processing and activation of zero and first party data over third party data. CX leaders are putting more effort into actively aligning their business strategy with their data strategy and ensuring that all C-level executives have a stake in ensuring the data strategy is executed.

Michael Klazema, Chief Marketing Technologist, Director, EY

With 56 tools in the average marketing stack, management of the stack, and ensuring that data flows effectively between tools is a major challenge for any CMO. For 34% of

CMOs, integration is seen as a reason some martech investments fail. The larger the stack becomes, the more of a challenge this is.

> *There's not a one-size fits all approach when it comes to building out an effective tech stack. Business problems and opportunities are more unique than we realise, and tech stacks should reflect that uniqueness.*

Darrell Alfonso, Director of Marketing Strategy and Operations, Indeed.com

The nature of the data stack is changing, towards more user-friendly, no-code/low-code tools which allow marketers with different technical skills to access and interpret data. While recently, companies have often been looking to gather large volumes of data, in future we'll see more of a focus on quality of insight.

With data a key area of priority, we see CMOs planning to invest in and upgrade data capabilities. The marketing stack should be assembled to meet the needs of the business, with tech selected to meet specific use cases.

Our research finds that organisations are investing in and upgrading data governance tools to enable them to better manage privacy and compliance, as well as Customer Data Platforms (CDPs) to enable marketers to centralise and unify customer data.

> *Many smaller organisations use their CRM as a data warehouse, which causes huge challenges as they grow. A modern data stack should include a tool such as a data warehouse or CDP where all data lives and is transformed, and where only necessary data is pushed into the different integrated technologies.*

Michelle Welborn, Sr Director of Marketing, Togetherwork

The CDP can play a key role at the centre of the modern marketing stack. The CDP is designed with the marketer in mind, and with the specific use cases marketers are trying to make happen.

The CDP allows marketers to collect and unify data from a range of sources, segmenting based on behaviour, interests, and preferences, and enabling personalisation of products, content, and promotions. Data can then be activated across multiple channels, including ad platforms, email marketing tools, and content management systems. This allows marketers to engage customers with targeted messaging across various touchpoints.

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In addition, for organisations looking to navigate the impending death of the third-party cookie, the CDP is well positioned to help marketers to manage and activate first-party customer data.

The modern marketing stack is driven by first-class data practices. It's collecting, organising, analysing, and protecting data to unleash its true potential. Data forms the foundation of a robust tech stack, enabling users to deliver those personalised experiences, to optimise campaigns, to access insights, to manage workflows efficiently.

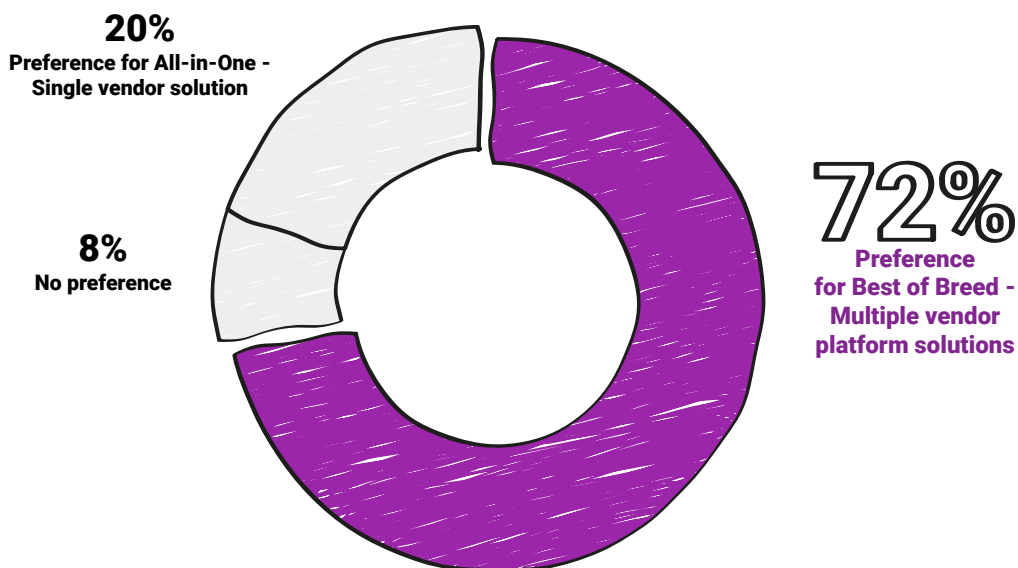**Carlos Doughty**, CEO & MarTech Course Instructor, LXA

Other key trends in modern stack design include the shift towards composable stacks, reflected in our respondents' preference for a 'best-of-breed' approach to stack design. 72% of CMOs expressed a strong preference for this approach, which partly explains the number of tools in the average tech stack.

A composable stack is a mix of individual tools that are integrated to form the best overall solution, so new capabilities can be added to wrap around specific use cases. It contrasts with the suite-based approach which offers a predefined set of capabilities.

Composable tech stacks, often enabled by low code / no code technology, can offer powerful capabilities from best-of-breed solutions, alongside the flexibility of swapping out key elements to add capabilities and adapt to changing business needs.

Which best describes your organisation's approach to marketing stack design?

20%
Preference for All-in-One - Single vendor solution

8%
No preference

72%
Preference for Best of Breed - Multiple vendor platform solutions

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In cases where marketing has stronger influence over the decision making around tool selection, you're gonna see more of a best-of-breed strategy.

John Hardy, SVP, Marketing Technology, ANA

This trend towards best-of-breed is likely to incentivise platform providers to develop robust, open APIs which can connect with third party tools. The pace of technological change demands this kind of flexibility and agility.

Also, with the full range of the features and functionality included in martech tools not always needed by organisations, we may move to a more selective way of acquiring tech to match individual business needs.

We will move to a (mar)tech ecosystem that is more plug and play. With democratisation of martech capability, and current inefficiencies and pressures on budgets, there will be a drive for more capability focused tech. It may take 10 years, but we will go to a place where you buy use case execution, like an app store.

Henk-jan Ter Brugge, Head of Martech, Philips

Not all martech tools meet expectations, and there are a variety of reasons for this. Lack of team capacity is the number one reason given, which suggests some companies are bringing in technology without factoring in the need for the staff and skills to manage it, as well as failing to match technology investment to business use cases - buying tech without a plan of how it will be used.
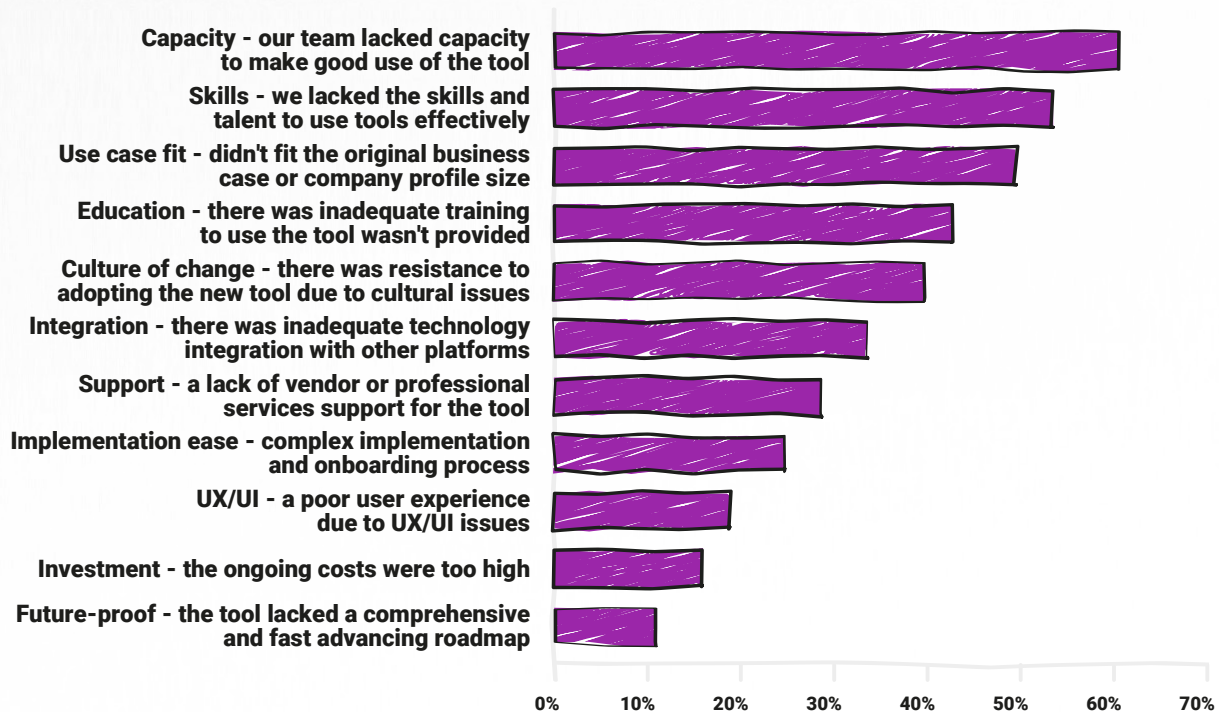
Many of the reasons cited for tech failing to deliver are around skills and people. This includes lacking the skills and knowledge to operate technology, failing to provide training around tech, as well as addressing cultural issues which hold back adoption.

Our research shows that there are still more tools being added to the landscape, but these are smaller ones. Regardless of the high churn rate of new tools, the growth is continuing. We're also not seeing consolidation in the sense of a sharp reduction in the number of total tools, or of the leading vendors taking over many other smaller vendors or accumulate more market share at the cost of the smaller tools. The entire martech market is growing, both the head and the tail.

Frans Riemersma, Founder, MartechTribe

What best explains the reason why previous martech tools haven't delivered on your expectations?

Category	Value
Capacity - our team lacked capacity to make good use of the tool	~61%
Skills - we lacked the skills and talent to use tools effectively	~54%
Use case fit - didn't fit the original business case or company profile size	~50%
Education - there was inadequate training to use the tool wasn't provided	~43%
Culture of change - there was resistance to adopting the new tool due to cultural issues	~40%
Integration - there was inadequate technology integration with other platforms	~34%
Support - a lack of vendor or professional services support for the tool	~29%
Implementation ease - complex implementation and onboarding process	~25%
UX/UI - a poor user experience due to UX/UI issues	~19%
Investment - the ongoing costs were too high	~16%
Future-proof - the tool lacked a comprehensive and fast advancing roadmap	~11%

It's getting a bit out of hand to the point where a single person could be managing ten or more tools, which is why tools are so underutilised. Organisations are investing in more tech without investing in the people to utilise them properly. This has been a consistent trend for years.

Michelle Welborn, Sr Director of Marketing, Togetherwork

Action points

- **Think about data flow.** The modern marketing stack runs on data. Think about how data is collected, processed, used, and analysed when adding new tools to the stack. It's crucial to focus on robust data management practices. This includes ensuring data flows seamlessly between systems, enhancing data quality, and prioritising privacy and compliance. Consider investing in data governance tools and Customer Data Platforms (CDPs) to centralise and unify customer data, facilitating personalisation and enabling data activation across multiple channels.

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- **Ensure skills and people are in place before acquiring tech.** Technology is nothing without the people in place to use if effectively. Assess team capabilities, training needs, and resources needed before investing in new technology. Prioritise training and skill development among your marketing team to ensure they can effectively operate and leverage the technology in your stack. Investing in both technology and the people who use it is essential for maximising the value of your marketing stack.

- **Alignment with business goals.** Technology should be acquired to fill a specific business need, with plans in place to use the tech effectively. Thinking about how the technology will be used, and whether features and functionality of tools fit business use cases ensures that the right tech will be selected. In a landscape with numerous tools available, it's easy to become overwhelmed by the sheer volume of options. By focusing on technology that directly serves identified business use cases, CMOs can ensure that their investments are aligned with their organisation's overarching goals.

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08 People, Talent, Skills and Knowledge

Effective martech strategies need people with the knowledge and skills to plan and execute them. However, talent shortages remain an issue for most organisations, as there are simply not enough available people with the skills and knowledge around martech and marketing operations.

64% of CMOs find it challenging to recruit people with the right skills thanks to the lack of talent on the market.

The market is lacking marketers with the necessary martech, data or marketing operations skills and knowledge.
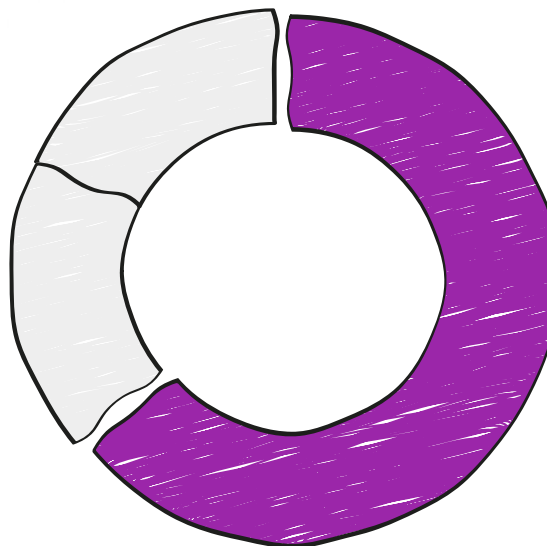
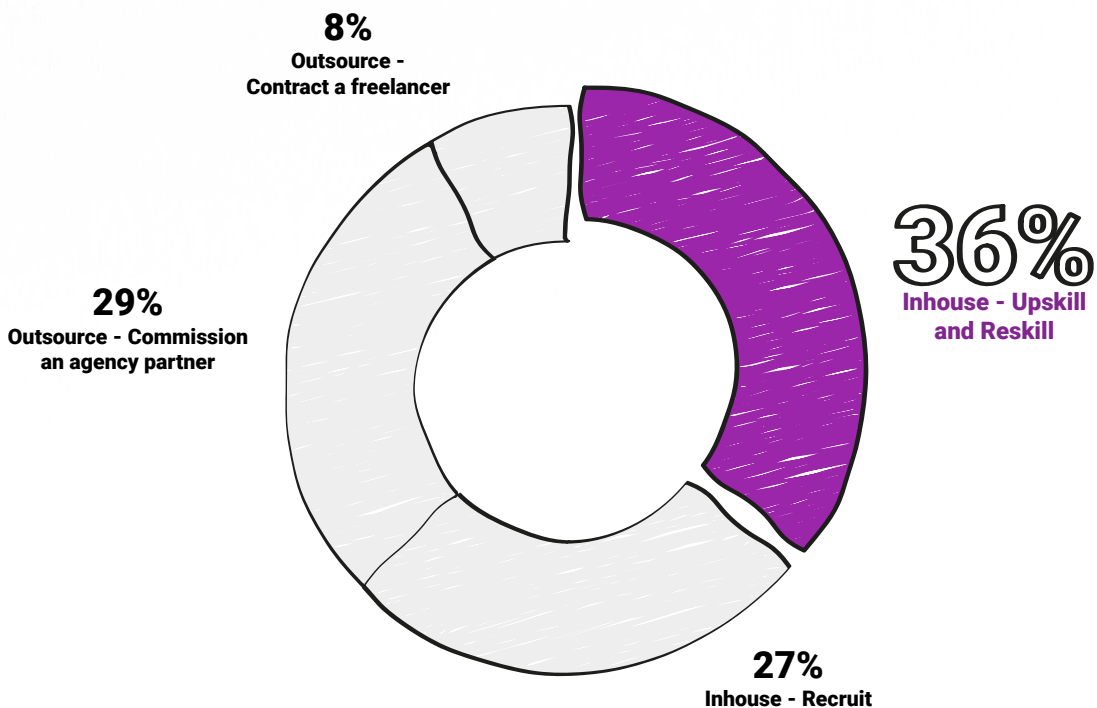**64%**
Strongly agree / Agree

These talent shortages limit the ability of organisations to invest in and make best use of technology, and also hold back overall maturity levels. 43% of CMOs cite a lack of skills and talent as a barrier to marketing technology investment.

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At a time when marketing budgets are being scrutinised more than ever, it's vital that investments in technology are delivering ROI.

CMOs understand the importance of skills issues, and that the talent they need isn't easy to recruit. Therefore we see a focus on upskilling and reskilling in-house teams, and using specialist agency partners to fill gaps in knowledge and capability.

To address this issue, organisations prefer to recruit and up-skill in-house to improve their martech and marketing operations skills and knowledge, though some will use specialist agency partners to fill the gaps.

When looking to advance your organisation's skills and knowledge in the martech and marketing operations function which is your preferred approach?

8%
Outsource - Contract a freelancer

29%
Outsource - Commission an agency partner

36%
Inhouse - Upskill and Reskill

27%
Inhouse - Recruit

If you think about the skill sets required to fully leverage marketing technology, it's a suite of skills that aren't traditionally found in one person. Finding people at that intersection between marketing and technical knowledge is a challenge.

John Hardy, SVP, Marketing Technology, ANA

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The increase in team sizes is a vote of confidence in marketing operations. Many CMOs are seeing the under-utilisation of the martech stack, as well as a gap between the digital experiences marketers want and the actual experience that customers receive. Marketing operations plays that critical role between strategy and tactical execution, and making sure companies have a full bench of marketing ops talent should be a top priority.

Darrell Alfonso, Director of Marketing Strategy and Operations, Indeed.com

While organisations need people with martech knowledge, mindset is also important - they need to be flexible and innovative, with a desire for continuous learning. Expertise around specific platforms is less important as the landscape changes too rapidly, but expertise and experience in processes, and use case execution is vital.

There's a broad spectrum of areas where organisations are looking to upskill. AI is a key target for upskilling with 67% of CMOs looking to improve skills and knowledge of AI, and 54% looking to improve teams' capabilities around CX design.

Which of the following areas are you looking to upskill and reskill your team in, in the next 12 months? (Top Ten)
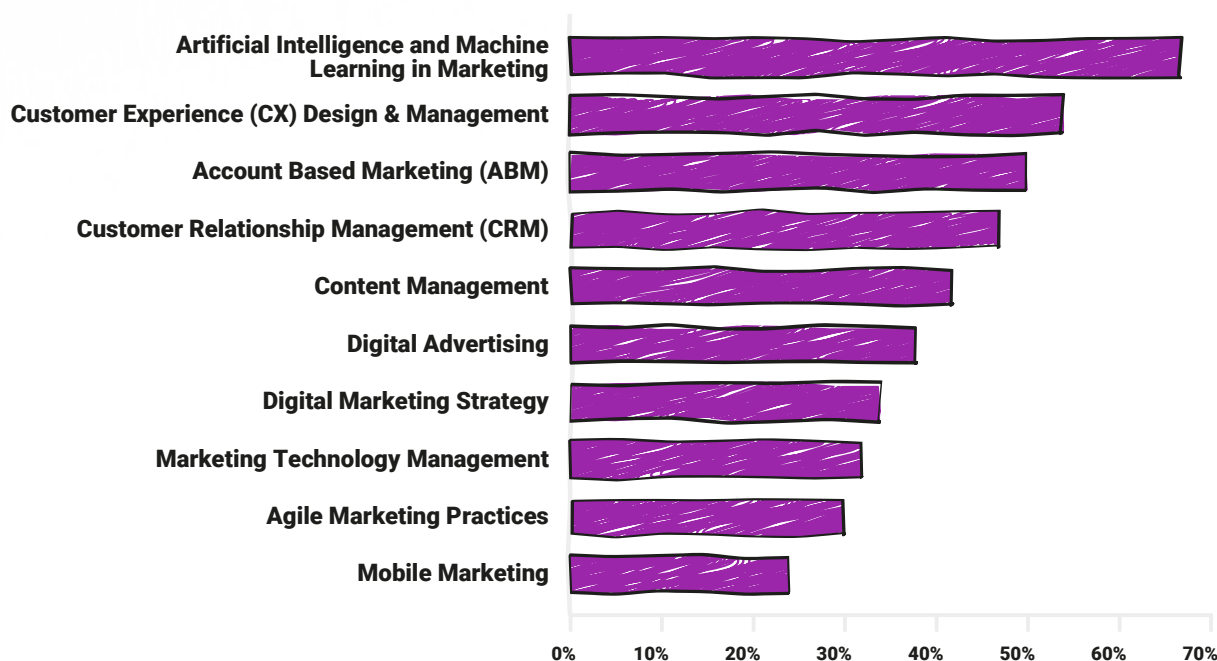
It's encouraging to see CMOs planning to increase the size of marketing operations teams - implementation and adoption of new tech can take time, and organisations are often under-resourced and unable to cover all areas of martech effectively.

**Laura Merton**, Martech Solutions Architect, Hogarth Worldwide (WPP)

With marketing operations seen as key for martech planning and strategy, 63% of CMOs expect to increase the size of their marketing operations function in the next 12 months, a strong vote of confidence when we've seen evidence of headcounts being reduced in marketing teams. This in turn is likely to lead to a greater need for martech training and upskilling.

It also helps to address the problems which have led to martech tools underperforming expectations; the lack of team capacity and the necessary skills and knowledge.

Marketing operations teams can enable more successful martech projects by aligning technology with business goals, integrating new technology into the stack, maintaining data quality, training users, optimising and measuring performance, and driving continuous improvement.

CMOs see overall strategy as a key function of marketing operations, followed by tech evaluation and project management, as well as training and onboarding, and management of the tech stack.

What key functions does marketing operations and marketing technology own in your organisation?
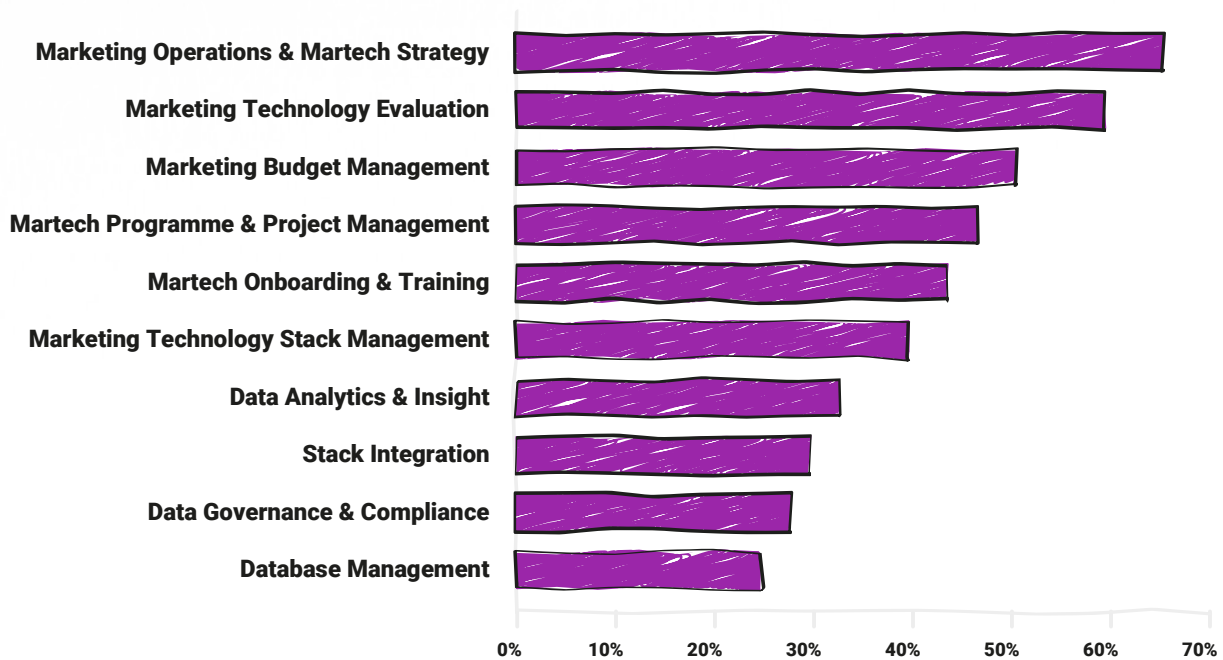
There should be one marketing ops person for every three marketers. At the enterprise-level, that's 100 for a team of 300. Along with many other marketing ops leaders, I consider the scope of marketing ops stretches far beyond marketing technology. Marketing ops should oversee budget and planning, process design and enablement, as well as analytics and reporting.
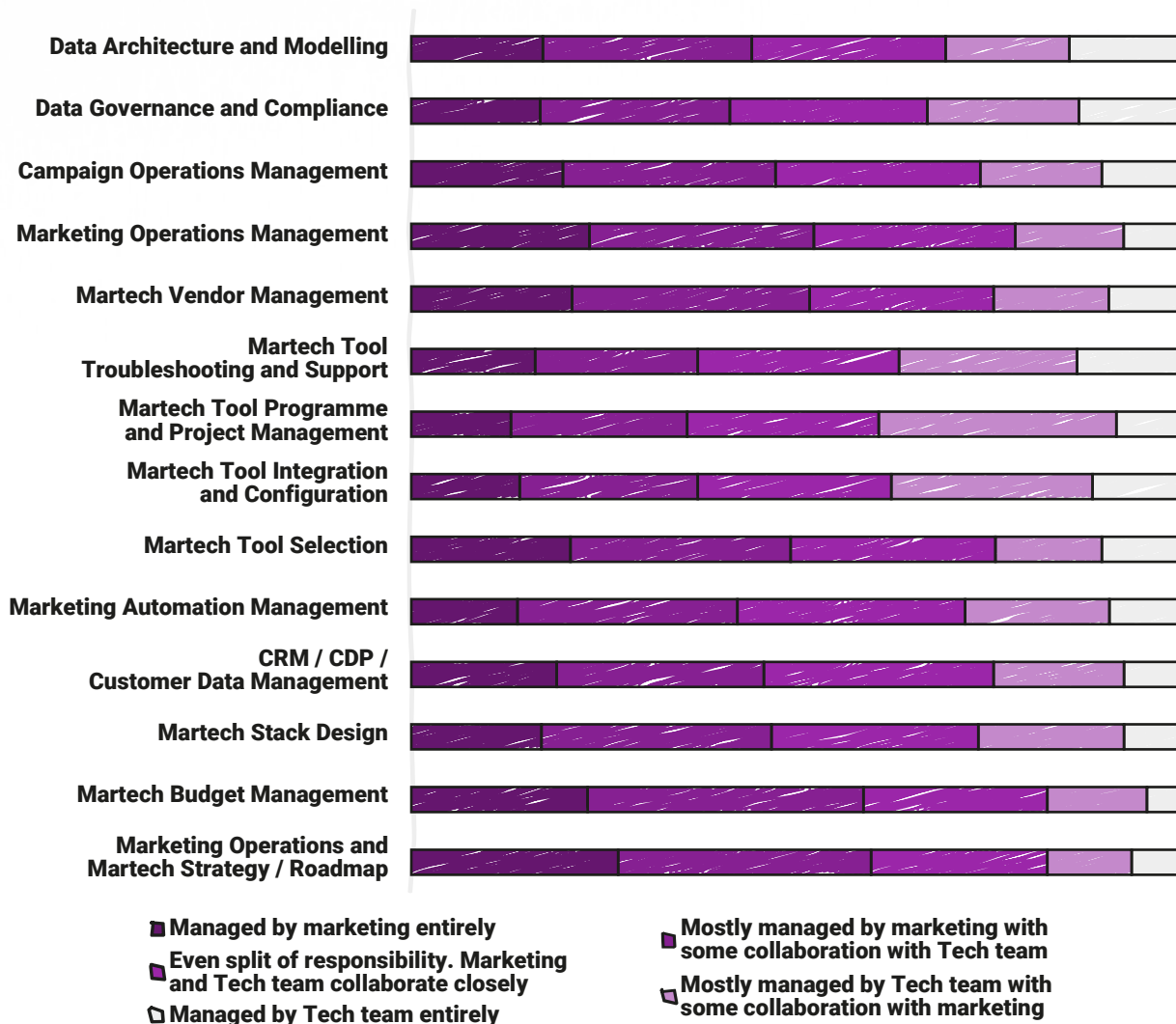
Darrell Alfonso, Director of Marketing Strategy and Operations, Indeed.com

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While CMOs see many technical aspects of martech as a key function of marketing operations, selection, implementation, and management of martech has often been a function controlled by IT, thanks to the traditionally greater technical expertise of the latter.

However, as it's marketing teams that use these tools day-to-day, collaboration between IT and marketing is the best long-term solution to this issue. Organisations need a number of roles working together to produce results, and this includes other teams around the business.

Our survey results find good levels of collaboration in most organisations, with ownership of tech selection, strategy and operations usually the responsibility of marketing, while IT is more likely to have responsibility for tech integration, martech tool project management and troubleshooting.

How would you describe your organisation's split of responsibility for managing martech and marketing operations between marketing and tech teams?

Legend:
- ■ Managed by marketing entirely
- ■ Mostly managed by marketing with some collaboration with Tech team
- ■ Even split of responsibility. Marketing and Tech team collaborate closely
- ■ Mostly managed by Tech team with some collaboration with marketing
- ◻ Managed by Tech team entirely

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I believe marketing should own the selection of tools that they use to do their work. The role of IT should be to enable these tools to work in their ecosystem, and to ensure privacy and compliance. Marketers understand marketing and what they need to do their work, so it should own decision making, particularly for the front end.

John Hardy, SVP, Marketing Technology, ANA

Action points

- **Train and upskill in-house teams to improve martech maturity.** Skill shortages are holding back martech maturity in many organisations. With talent shortages in the market, recruitment isn't always the solution. Instead, organisations need to use martech training to upskill their teams. Skill shortages are holding back martech maturity in many organisations.

- **Marketing operations can be a driver of martech excellence.** Marketing operations can significantly improve martech performance by performing key functions such as improving tech selection, integration, and user training and onboarding. Consider expanding the size and scope of your marketing operations function. This move demonstrates a strong commitment to improving martech capabilities and aligning technology with business goals.

- **Organisations need to drive greater alignment between IT and marketing**. With a lack of collaboration between the two functions a barrier to martech investment, encouraging greater collaboration with cross-functional teams, shared goals and metrics can help to improve overall performance. This collaborative approach ensures that martech investments meet both technical and business needs.

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09 The Future of Martech

CMOs continuously face the challenge of evolving customer behaviour trends. Combined with this is the navigation of the marketing technology landscape and the tools that can deliver exceptional customer experiences.

When asked to consider the key functions within martech and marketing operations to advance over the next 12 months, improving martech maturity levels were a key focus for CMOs, with strategy development, road mapping and budget management the top area of focus for the third year in a row.

This reflects the room for improvement we've seen in maturity levels, the need to address areas which limit capabilities, and reasons why technology fails to deliver on expectations - all seen previously in this report. In short, having the right martech strategy in place underpins everything else.

AI is clearly going to play a significant role going forward, with marketers investing significant time and resources in this space. 2024 will be the year of AI-driven innovation. Not just in marketing but across CX and sales. AI has been baked into many powerful martech and salestech tools for some time but the advance in capabilities of AI-specific platforms is an area to keep a close eye on.
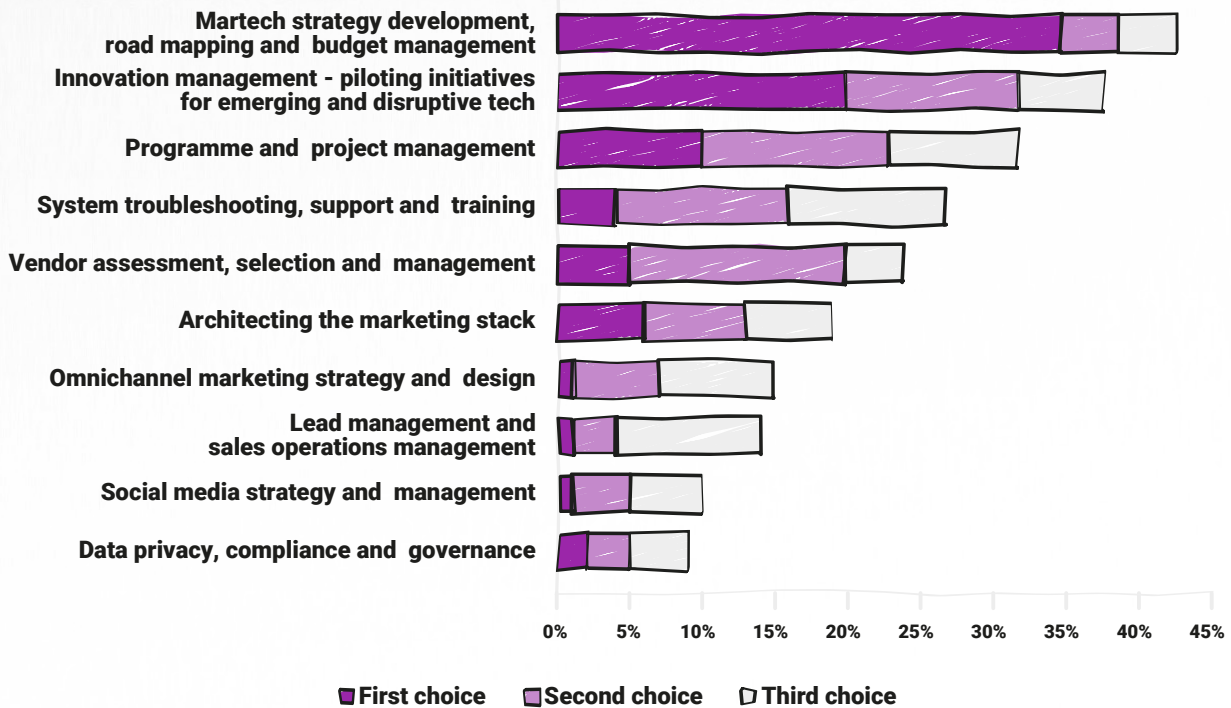
Carlos Doughty, CEO & MarTech Course Instructor, LXA

Innovation management is the second biggest focus, which is understandable with the speed to change around technology. Just this year we've seen Twitter become X, the launch of Threads, and new hardware such as Apple's VR headset, as well as massive interest in AI-powered tools.

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Which of the following martech and marketing operations functions is your organisation focused on advancing in the next 12 months?

Martech strategy development, road mapping and budget management
Innovation management - piloting initiatives for emerging and disruptive tech
Programme and project management
System troubleshooting, support and training
Vendor assessment, selection and management
Architecting the marketing stack
Omnichannel marketing strategy and design
Lead management and sales operations management
Social media strategy and management
Data privacy, compliance and governance

0% 5% 10% 15% 20% 25% 30% 35% 40% 45%

■ First choice ■ Second choice ▢ Third choice

With the buzz around AI over the past 12 months, it's no surprise to find enthusiasm amongst CMOs for AI powered tools. 73% believe that it will improve both the efficiency and effectiveness of marketing over the next two years.

73%

Agree/Strongly Agree

Harnessing the power of artificial intelligence will drive efficiency and effectiveness in our marketing over the next 24 months.
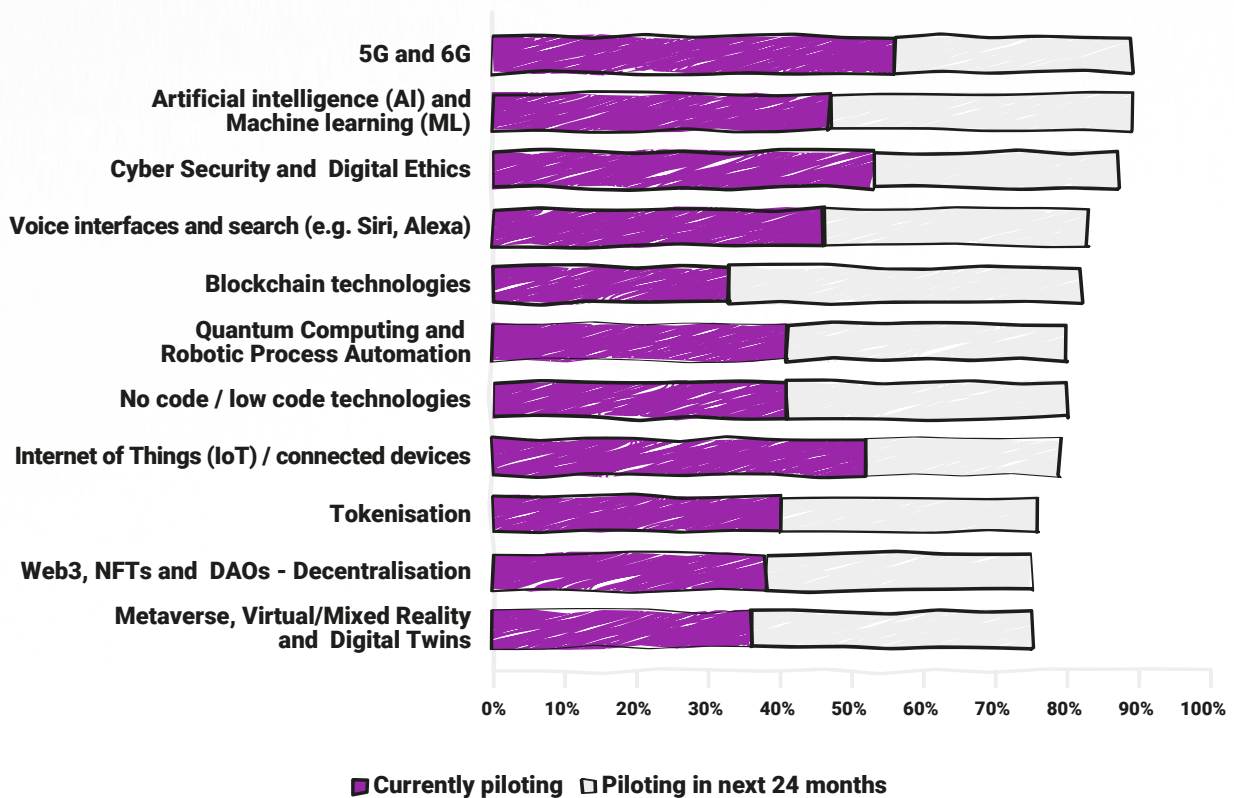
For this reason 74% of CMOs are piloting, or looking to pilot, initiatives around AI and ML in the next 24 months.

However, AI isn't simply about future potential. It's available here and now for many marketers, either improving the capabilities of existing tech tools, or through new tools providing copywriting, predictive analytics, improved personalisation, and more.

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5G and 6G is the biggest focus for many, as the potential for ultra-fast mobile internet provides new opportunities for marketers to improve mobile customer experiences.

With data legislation continuing to be upgraded / introduced around the world, and the questions raised by AI, cyber security and digital ethics is a focus for 53% of CMOs.

Which of the following emerging and disruptive technologies is your organisation currently piloting or looking to pilot in the next 24 months?

Technology	
5G and 6G	
Artificial intelligence (AI) and Machine learning (ML)	
Cyber Security and Digital Ethics	
Voice interfaces and search (e.g. Siri, Alexa)	
Blockchain technologies	
Quantum Computing and Robotic Process Automation	
No code / low code technologies	
Internet of Things (IoT) / connected devices	
Tokenisation	
Web3, NFTs and DAOs - Decentralisation	
Metaverse, Virtual/Mixed Reality and Digital Twins	

0%   10%   20%   30%   40%   50%   60%   70%   80%   90%   100%

■ Currently piloting   □ Piloting in next 24 months

Action points

- **Strategy before innovation.** With martech maturity levels low for many organisations, and tools often failing to match expectations, it's encouraging that many CMOs see martech strategy and areas such as project management as a key focus for improvement. Establishing the right strategy and planning framework is the bedrock for enabling effective innovation in marketing.

- **Consider current AI capabilities.** AI tools are already available which offer potential to improve marketing performance, through improved personalisation, data management and analysis, and workflow automation. Many of these will be

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available in existing tech platforms already part of your martech stack. Take the time to review the capabilities of these tools and adopt this functionality where possible.

- **Stay informed of emerging technologies.** Continuously monitor the evolving landscape of emerging technologies and AI-powered tools. Stay abreast of developments in these areas and assess their relevance to your marketing strategies. Develop a proactive approach to integrating these technologies into your martech stack, as they can offer novel opportunities for enhancing customer experiences, data management, and marketing effectiveness.

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About Tealium

Tealium connects customer data across web, mobile, offline, and IoT so businesses can better connect with their customers.

Tealium's turnkey integration ecosystem supports more than 1,300 built-in connections, empowering brands to create a complete, real-time customer data infrastructure. Tealium's solutions include a customer data platform with machine learning, tag management, an API hub and data management solutions that make customer data more valuable, actionable, privacy-compliant and secure.

More than 850 leading businesses throughout the world trust Tealium to power their customer data strategies.

https://tealium.com/

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