



# Work Tech marketing outlook

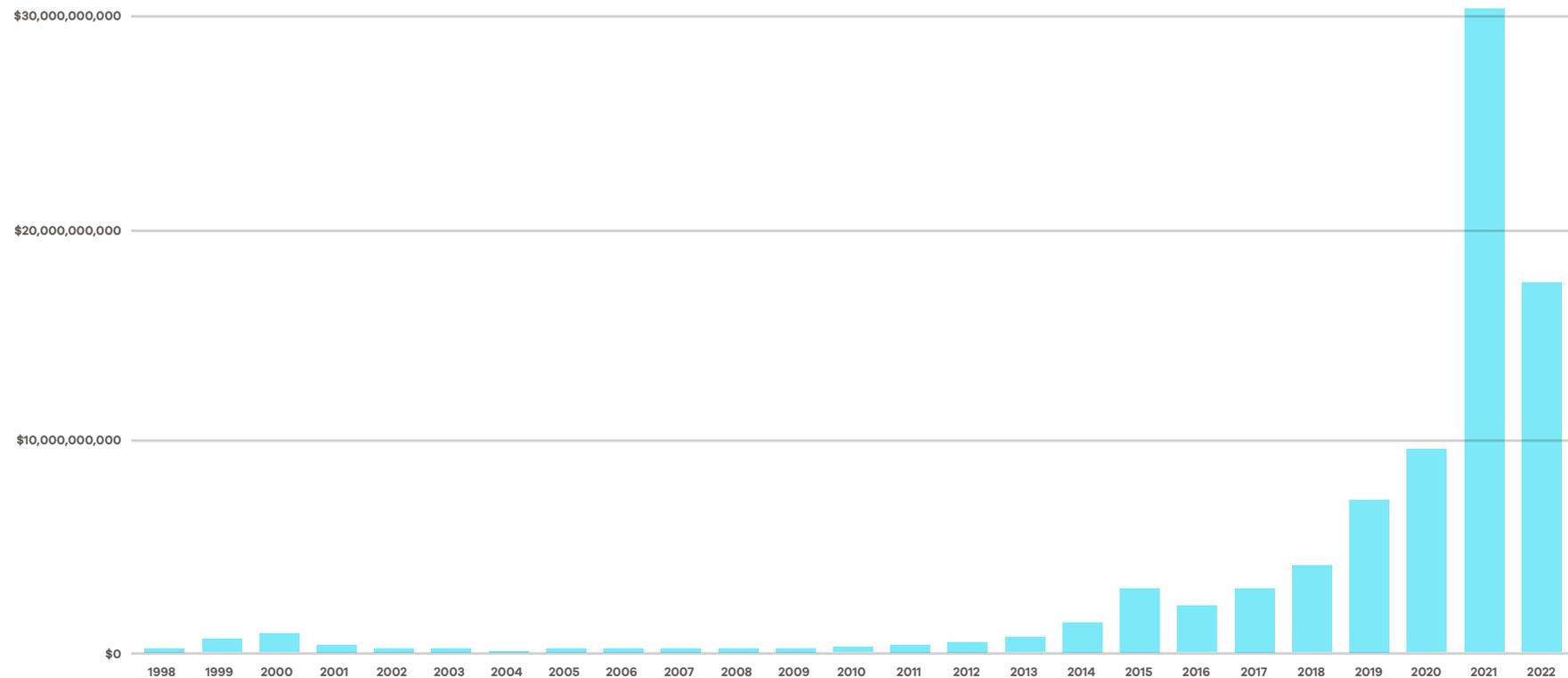


the starr conspiracy

# Is the party over?

Since 2017, Work Tech investment has been riding high. In 2021, things got wild. Since mid-2022, it has been a different story. The torrent turned into a trickle with Q3 funding dropping 64% from Q2.

All this raises the question: **How y'all feeling?**



# \$46 billion

Total Work Tech investment in the 6 quarters beginning Jan. 1, 2021 — more than from 1998–2020 combined.



# A different kind of disruption

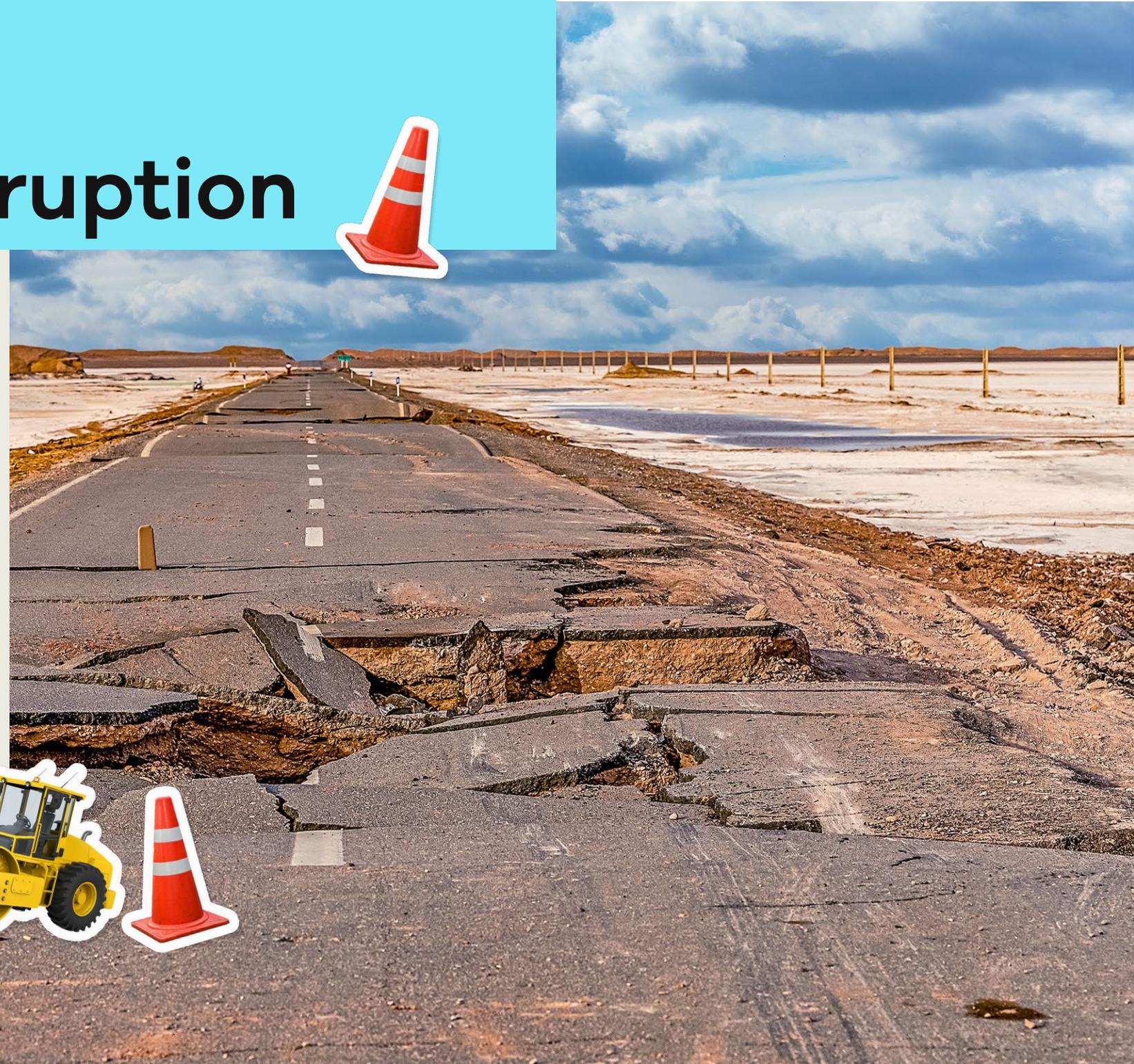


Between the beginning of September and mid-October, we fielded our annual Work Tech Outlook survey. **More than 700 Work Tech founders, investors, sales and marketing leaders, and consultants** responded. What they had to say was both sobering and insightful.

- **Growth has slowed:** Companies reporting top-line revenue growth **is off 18% from 2021.**
- **Layoffs are widespread:** **3 out of 4 respondents** said their companies had experienced layoffs in 2022.

Yet, in spite of the headwinds, a sense of optimism exists, with **8 in 10** saying they believe their companies will grow in 2023 despite economic weaknesses — **only a 10% drop** from 2022 expectations.

Obviously, anyone who is involved in sales and marketing needs to be optimistic. However, there's a line between optimism and grounded in reality and just wishful thinking. What can we learn from the companies that are growing?

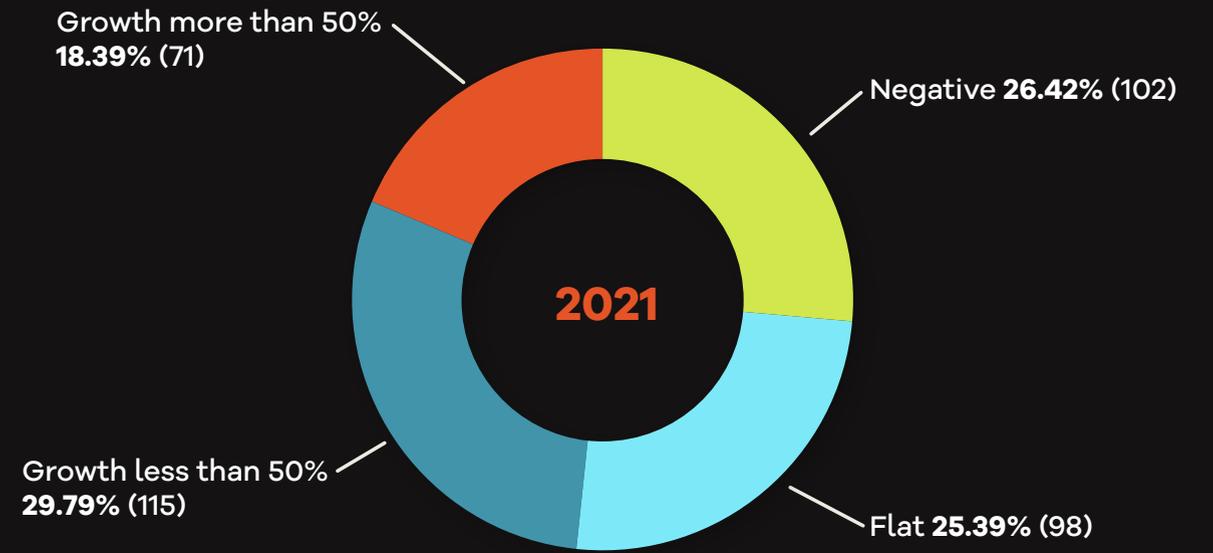
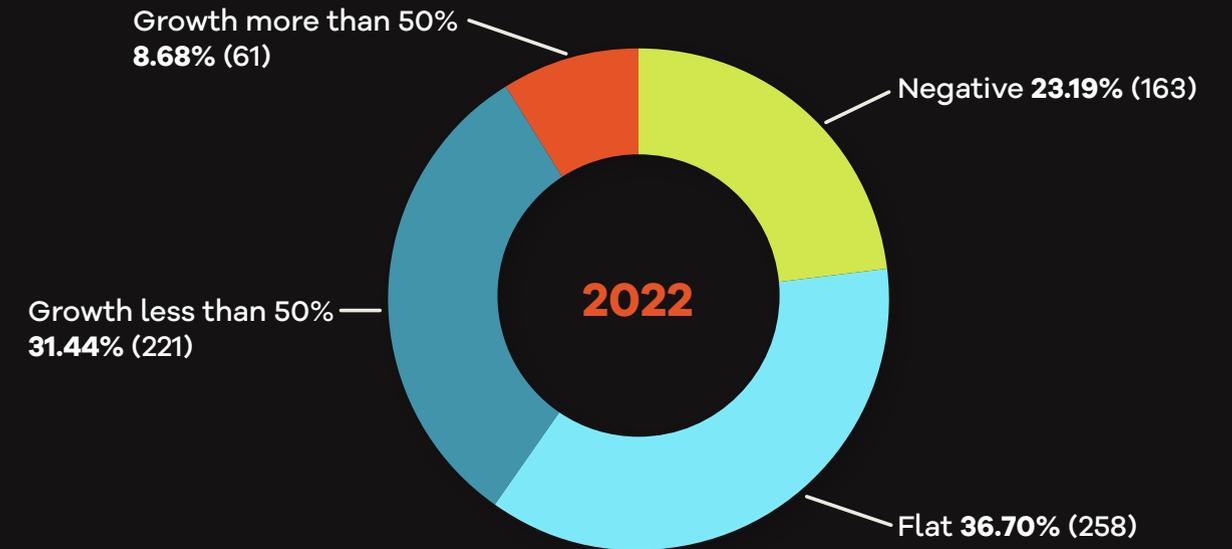


# Reality bites

The joke this year is “flat is the new 20% growth.” The numbers bear that out with a 45% increase in companies reporting flat growth this year. However, what’s more interesting is that the meteoric 50%+ growth — the kind that makes VCs drool on their Patagonia vests — is way down, off 52% from 2021.



## EXPECTED TOP-LINE REVENUE GROWTH PERFORMANCE



# Who is growing?

Just like last year, growing companies (the leaders) are larger and more mature than companies with flat or negative growth (the laggards). However, the most stark difference is the ability — or willingness — to invest in that growth. When times are tough, it's natural to cut costs and invest carefully. But it's also true that you need to spend money to make money.

YOU NEED TO  
SPEND MONEY  
TO MAKE MONEY



# Follow the money for 2023

## Where are leaders investing in 2023?

Top 3 areas for increased investment:

- Sales enablement (50.3%)
- Website (48.9%)
- Paid media (48.6%)

## Where are laggards investing in 2023?

Top 3 areas for increased investment:

- Website (39.9%)
- Research (39.9%)
- Live events (38.7%)

## Our hot take:

Given the demographics of each group, some of these different investment priorities are as much reflective of stage of growth as anything. YMMV.

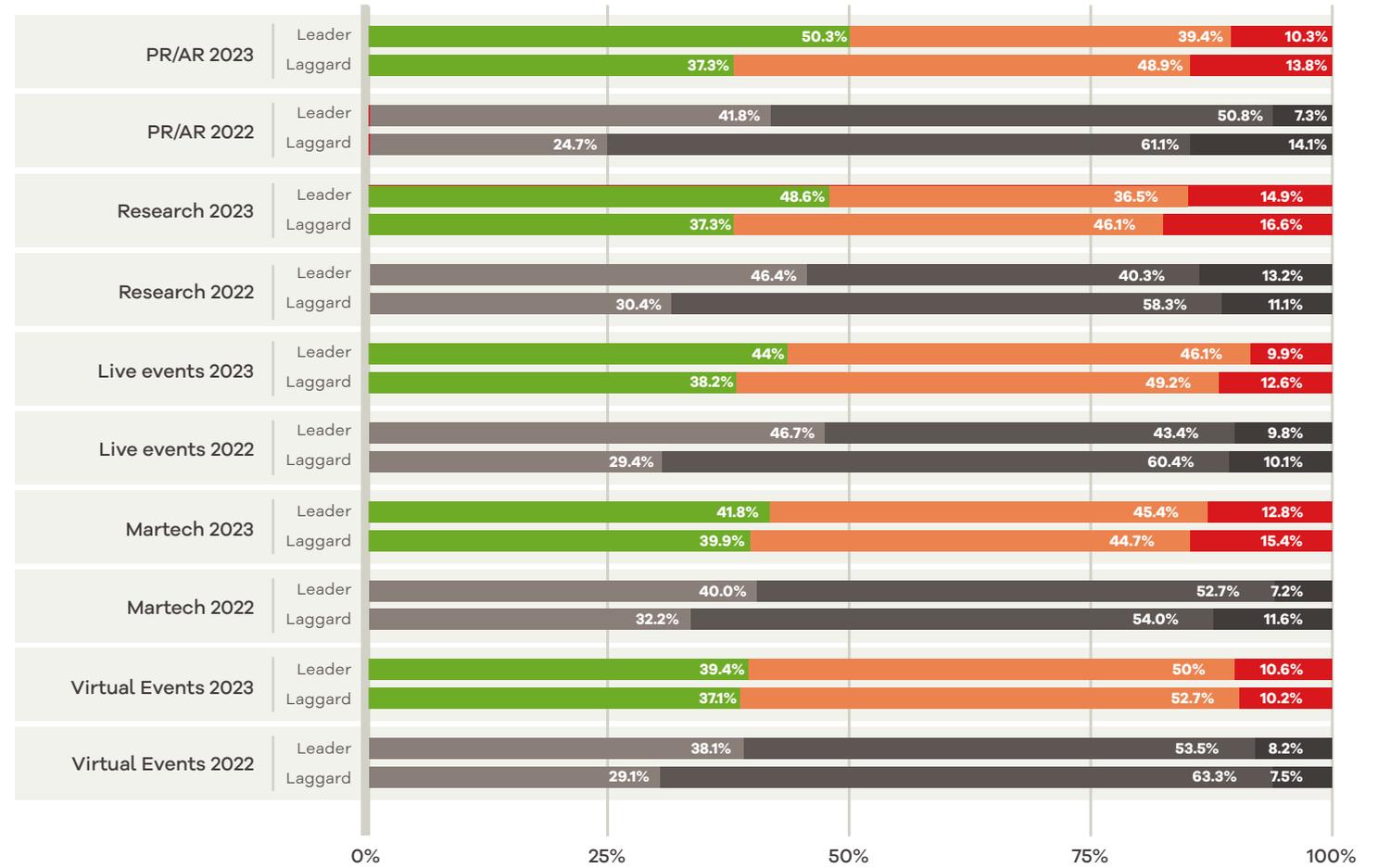


# Changes in the marketing mix



## Key YOY differences:

- Leaders are investing 10% less in content and 3% less in paid media.
- Laggards are increasing investment in sales enablement by 32%, paid media by 14%, PR/AR by 13%, research by 9%, and live events by 9%.



# Entering a different world in 2023

## Our hot take

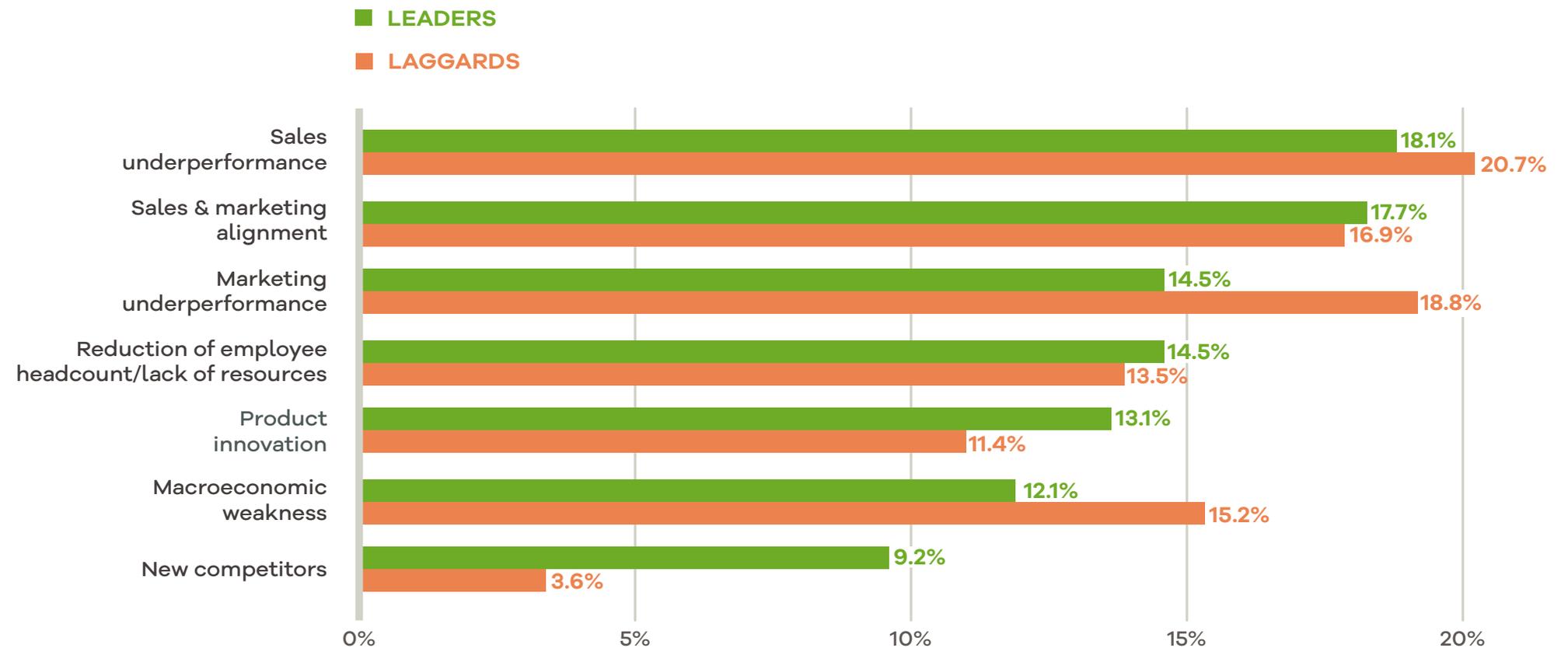
You don't need our data to know that Work Tech is in a slowdown. You see it in the headlines each day and feel it in your work. For our industry, the recession is here already. Now, what are you going to do about it?

The companies that will grow in 2023 will need to embrace Customer Experience with open arms. The inbound marketing model that has been the foundation of fast-growth business models has short-circuited. Customer acquisition cost is increasing, sales cycles are getting strung out, and demand-gen KPIs are moving in the wrong direction for many. Mature companies that have budget to throw at paid media will do it — and make net-new logo growth that much more expensive in 2023. Increasing share of wallet from existing customers will be a requirement for any kind of growth. Investments in sales enablement, website, and content can do double-duty and drive growth for both net-new and existing customers.



# The biggest obstacles? **Internal ones.**

Surprisingly, while macroeconomic weakness posed a significant challenge across respondents, internal obstacles were more top of mind. The largest obstacles (for both leaders and laggards) included **sales underperformance**, **sales and marketing misalignment**, and **marketing underperformance**. These obstacles loom even larger in a market environment where holistic approaches to CX require internal alignment and more consistent performance.



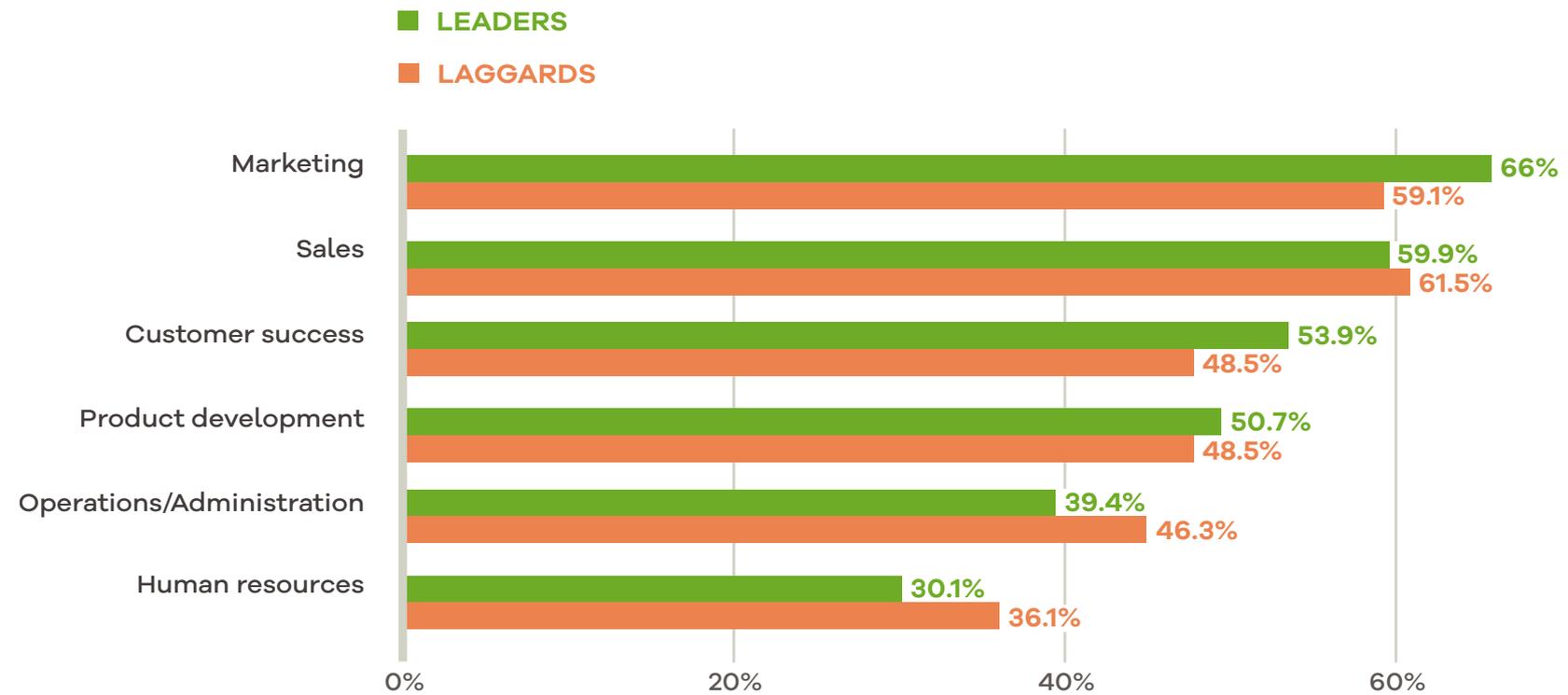
Q: What best describes the biggest obstacle for revenue growth at your company for the remainder of the year?



# Room for improvement

Marketing, sales, customer success, and product excellence are all top performance areas where both leaders and laggards are seeking improvement.

However, the need for these groups to align and execute shouldn't be overlooked in a year where customer retention and upsells will be crucial for success.

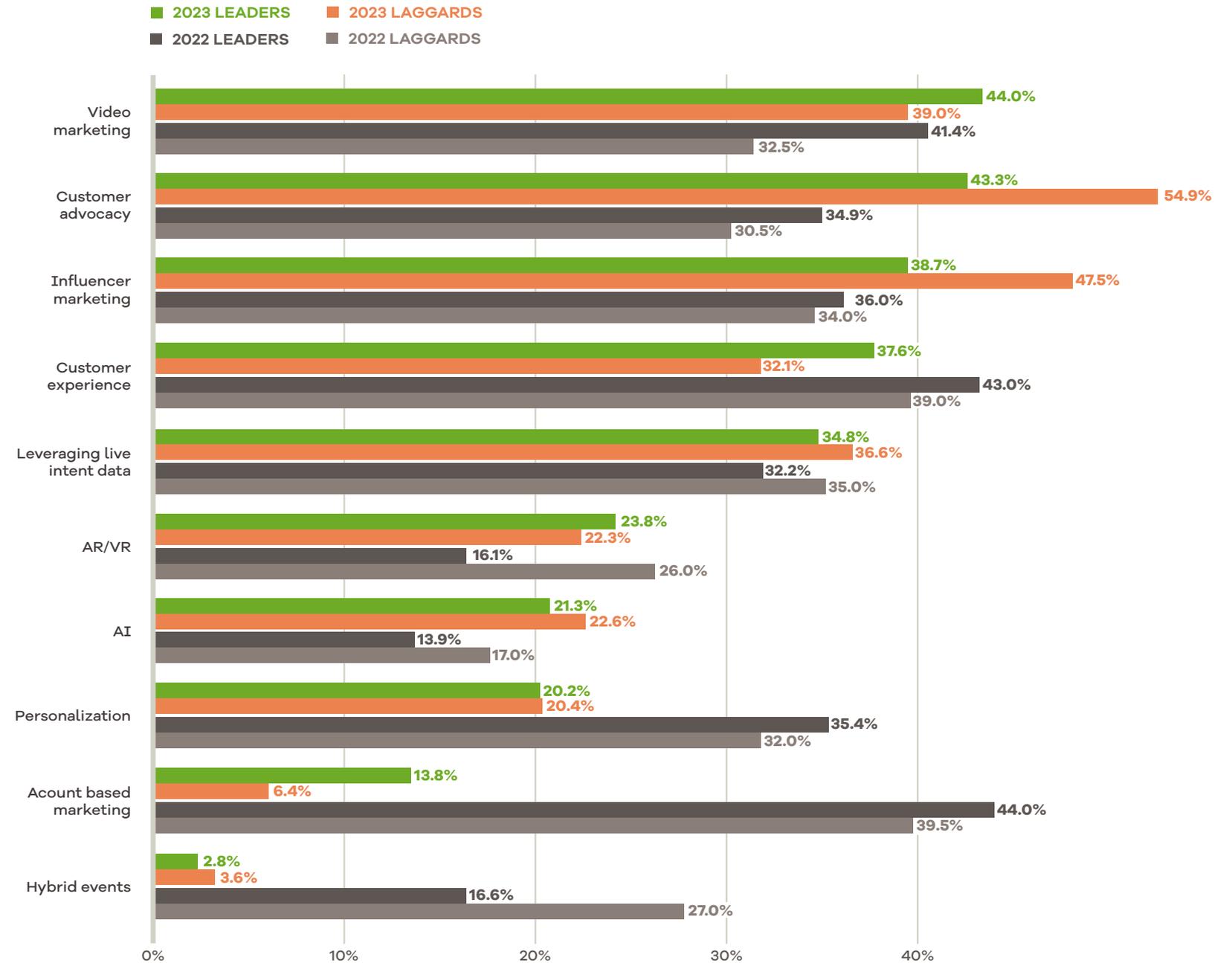


Q: Which three of the following performance areas do you think will most need to improve to achieve success in 2023?



# Areas of opportunity

Video marketing, customer advocacy, and influencer marketing were the top 3 trends for both leaders and laggards, if only in different order. What's revealing is comparing YOY trend priorities show big leaps for customer advocacy and influencer marketing, but a slight dip for customer experience and large downward shifts for personalization, hybrid events, and ABM.



Q: What are the three most important trends for your marketing team to capitalize on this year?





# Changes in attitudes

## Our hot take

The year-over-year changes in trend priorities are revealing. Video, customer advocacy, and influencer marketing are priorities with good reason. It's a noisy market, and Work Tech companies are looking for the credibility that these areas offer to stand out and make an impression. The voice of the customer is key today — whether you're looking to get your customers to post on review sites, make testimonial videos, or appear on webinars or in case studies.

Where companies are reducing spend is also revealing. Hybrid events? That feels pretty 2020–21. Personalization? Same, but more than just changing times, some of these priority shifts also speak to the degree of difficulty required to get them right. Personalization? That goes far beyond “Hello, [FNAME]!” Personalized content based on demographic criteria can be quite powerful if you have the tools to get it right. What about CX and ABM? These processes are a long, labor- and budget-intensive journey — but worthwhile for those who keep on keeping on.



# Why are leaders growing?

When asked which functional areas had the biggest impact on success, the biggest delta between leaders and laggards is selling more stuff and keeping customers. #NotShocking

However, leaders and laggards had polar opposite experiences with these factors. **While leaders consistently endorsed positive impact, laggards endorsed negative impact across the board.** This was most striking in the three top endorsed factors. Leaders had significantly better success with pipeline growth than laggards, significantly more buy-in from executive leadership, and greater budget availability.



Success Factor	Leaders	Laggards	Delta
Pipeline growth	3.42	2.82	.60
Brand awareness	3.41	2.88	.53
Employee satisfaction	3.41	2.89	.52
Executive leadership buy-in	3.39	2.87	.52
Customer retention	3.37	2.71	.66
Brand consistency	3.29	2.89	.40
Budget availability	3.22	2.76	.46
Business strategy alignment	3.13	2.60	.53

Scores represent weighted averages on a 5-point scale

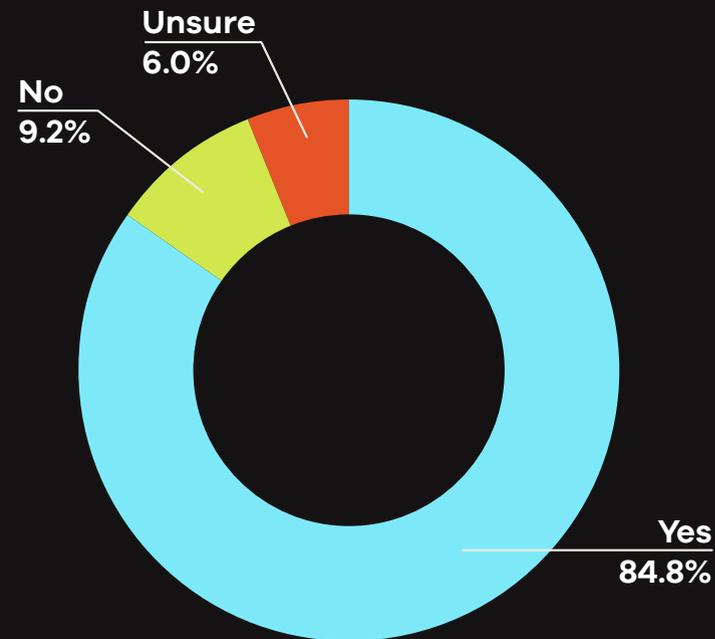


# Still, optimism abounds

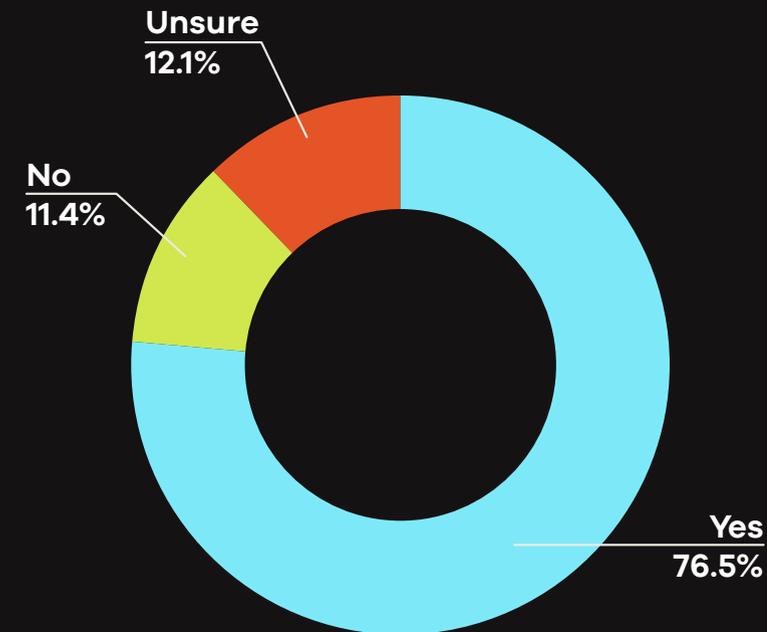
When we pull back and look at the big picture, it's evident the dramatic slowdown in 2022 investment was felt by everyone. In fact, we found that **3 in 4** respondents experienced layoffs this year. In spite of all this, a large majority in each group are feeling positive about prospects for the year to come. If you are an entrepreneur or in sales and marketing, you have to be an optimist, right?



## Leaders

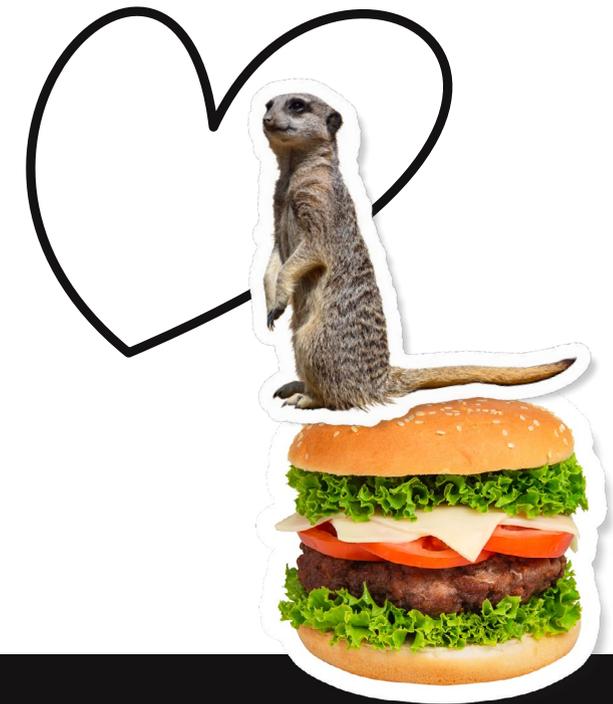


## Laggards

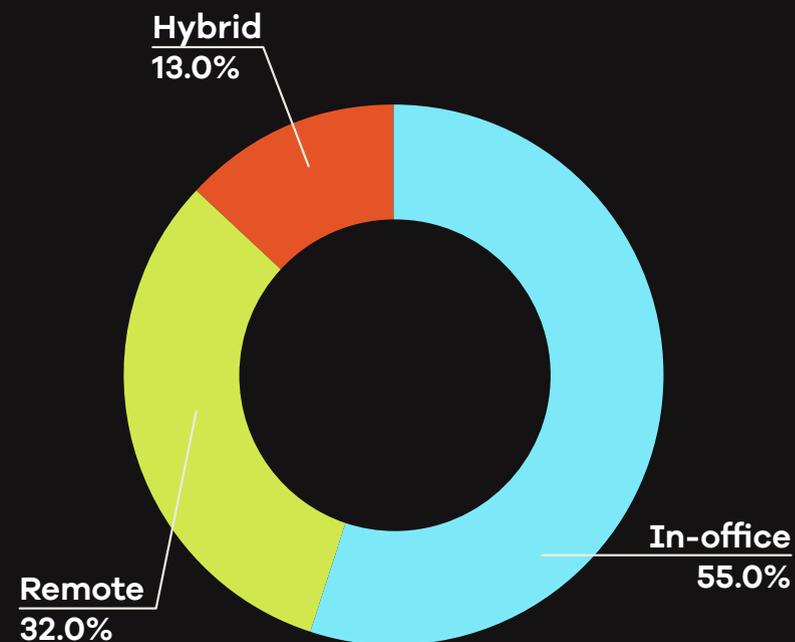


# Where is everybody working?

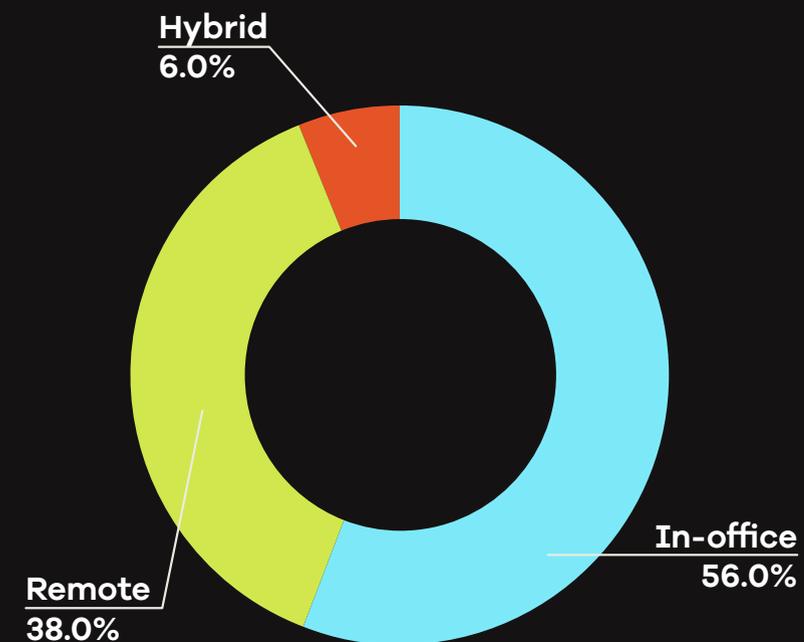
On average, the majority of people in Work Tech are back in the office, but 36% are remote and a small subset are hybrid. What's interesting is an almost even split in plans for the future — 40% reported plans for returning to the office, while 43% reported moving more online, and only 17% say that no changes are planned. This suggests that while segments of Work Tech may be shifting, the distribution between online, in-office, and hybrid will likely remain mostly consistent.



## Leaders



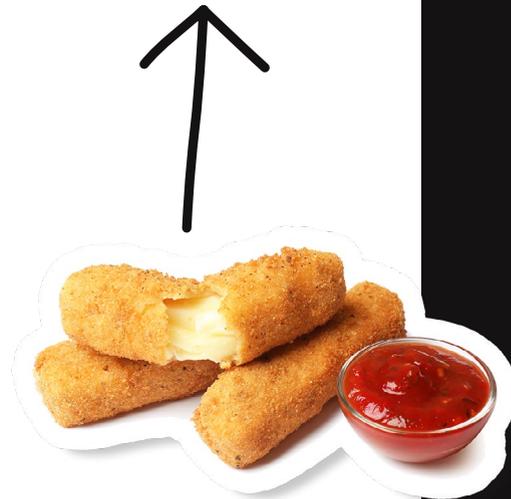
## Laggards



# Budgets are going up

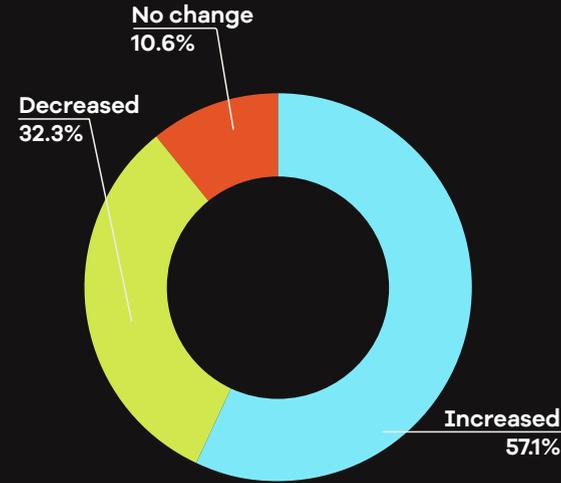
To make positive projections a reality, we've learned that companies overall are spending more on sales and marketing to compete — the average uptick on marketing budgets for all respondents rose by **26%** this year.

The upward trend holds true for agency spend, with majorities of both groups projecting increases in 2023.

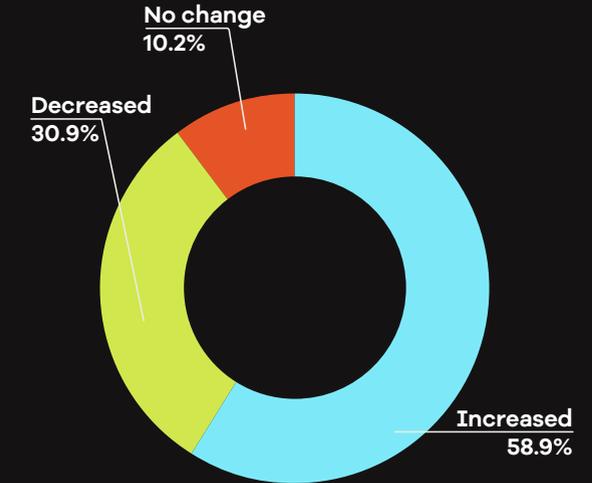


## 2023 SALES/MARKETING BUDGET PROJECTIONS

Leaders: marketing budget for 2022 vs. expectations

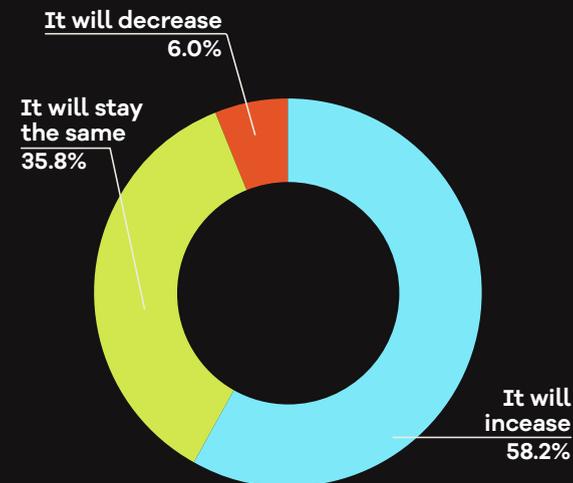


Laggards: marketing budget for 2022 vs. expectations

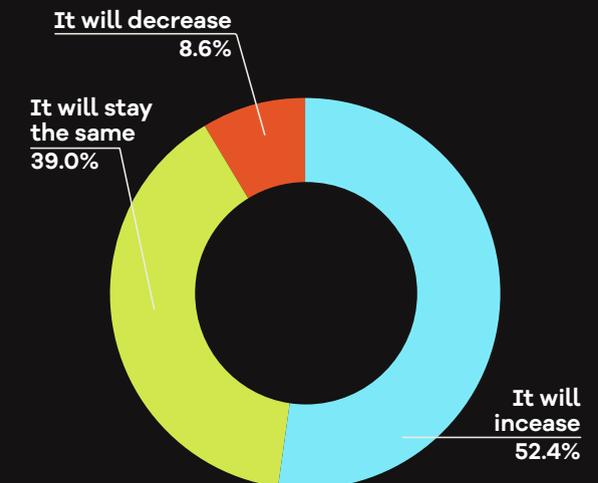


## 2023 AGENCY SPEND PROJECTIONS

Leaders



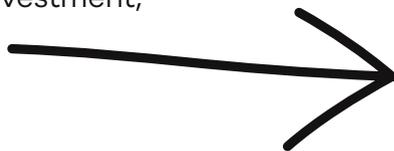
Laggards



# Optimism is great. Strategy is better.

Positivity is important, but there's a deeper reason why the majority of respondents are planning to go hard in 2023: The degree of difficulty will be significant.

Although 2022 saw the Work Tech market lose a little steam, we're just barely on the other side of an unprecedented surge in investment, competition, and transformation. **Leaders know there's:**



# \$55,000,000,000

## THE ENTIRE PREVIOUS DECADE

**Too much noise** — \$55.3 billion invested in Work Tech since Q1 2020 (more than the last 30 years combined). As a result, more will be spent in CX for 2023 than the entire previous decade.

# x100

**VS.**

## THE ENTIRE PREVIOUS DECADE

**Too many competitors** — There are 100x more Work Tech vendors than 10 years ago.

# 63%

**Too much flux** — 63% of Work Tech buyers are looking to switch (more than at any other point in the industry).

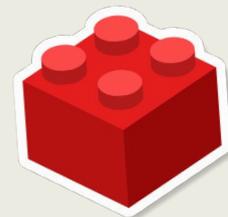
# Optimism is great. Strategy is better.



If you want to grow in 2023, you need to think differently about your approach. We think the biggest opportunity is to raise your game with Customer Experience. You have two choices:

1. **Play the long game.** If revenue and burn rate allow, set a clear CX vision across brand, marketing, sales, product, and customer success. Identify what needs to be elevated and build a strategy to raise your game.
2. **Focus on the short game.** If your situation is more urgent, start with where you are feeling the most acute pain right now and turn that into a defining moment for your customers.

Whichever route you need to take, remember that the old “connect and convert” approach to growth won’t get you the growth you need. In 2023, it’s more like this:



**CONNECT**



**ENGAGE**



**CONVERT**



**EXPAND**

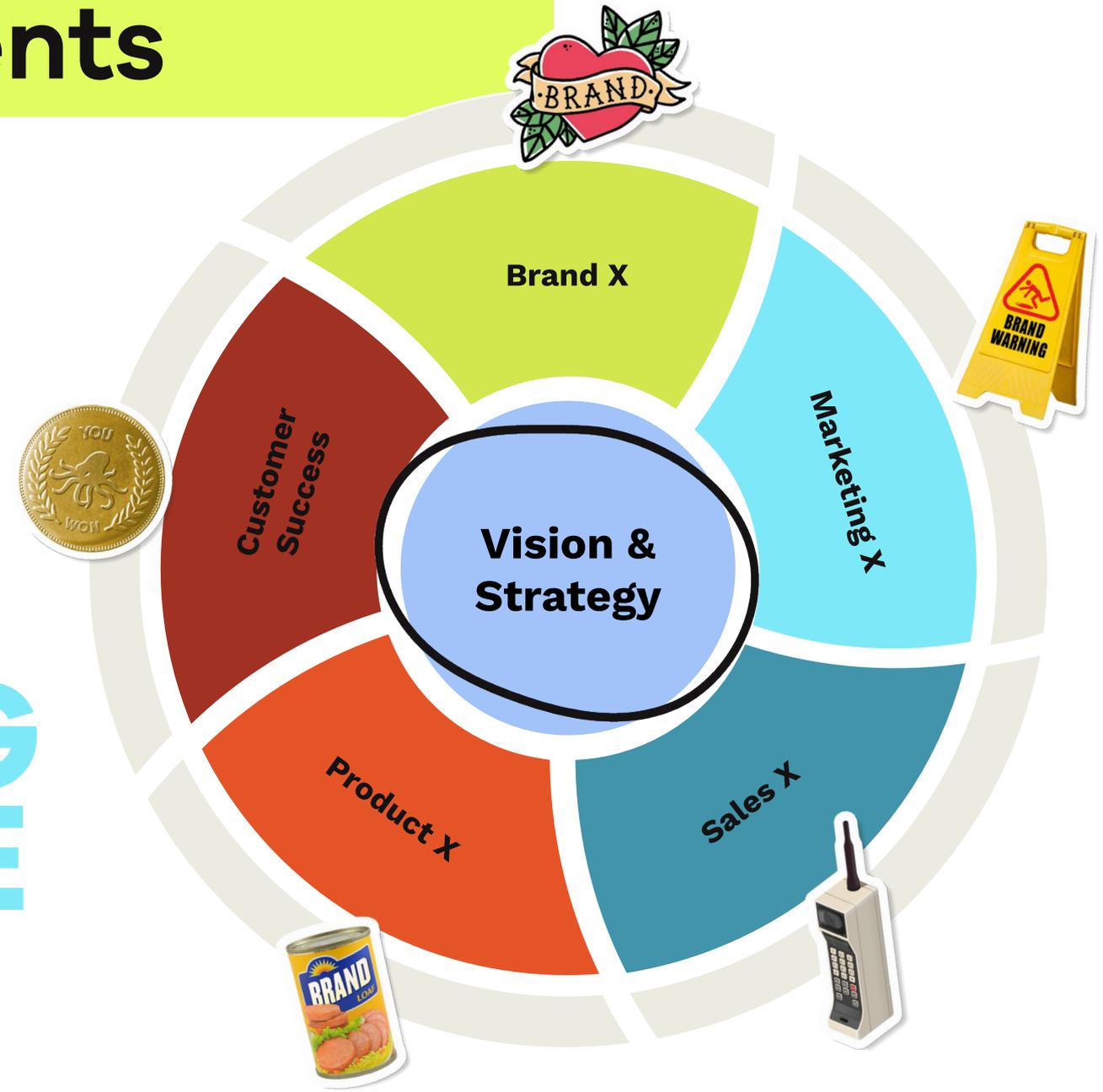


# Creating defining moments

Create defining moments to rise above the noise. Finding opportunities to elevate each part of your customer experience is the game-changer for today's marketers. So, how is it done?

1. Set a clear vision for your organization based on your business goals.
2. Across brand, marketing, sales, product, and customer success — what isn't aligning to your vision? Identify what needs to be elevated.
3. Raise your game.

**CREATED DEFINING  
MOMENTS TO RISE  
ABOVE THE NOISE**



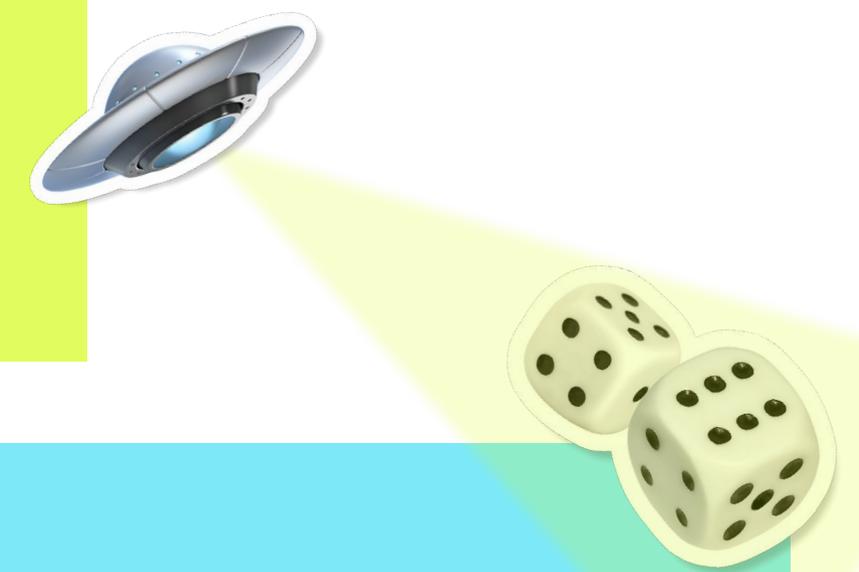
# Creating defining moments



Opportunity	Pain points	Possible solutions
<b>Brand</b>	Lack of awareness: "Who are you guys? Never heard of you."	<ul style="list-style-type: none"><li>• Brand X audit: What's working (or not)?</li><li>• Visual brand design</li><li>• Brand message and naming</li><li>• Website creation or update</li><li>• PR strategy to increase awareness</li></ul>
<b>Marketing</b>	Poor conversion rates, extended sales cycles, and missed performance targets	<ul style="list-style-type: none"><li>• Go-to-market strategy</li><li>• Radical buyer profile identification</li><li>• Marketing X audit and design: Connect, engage, convert, expand</li><li>• Content marketing strategy and development</li><li>• Campaign creation and execution</li></ul>



# Creating defining moments



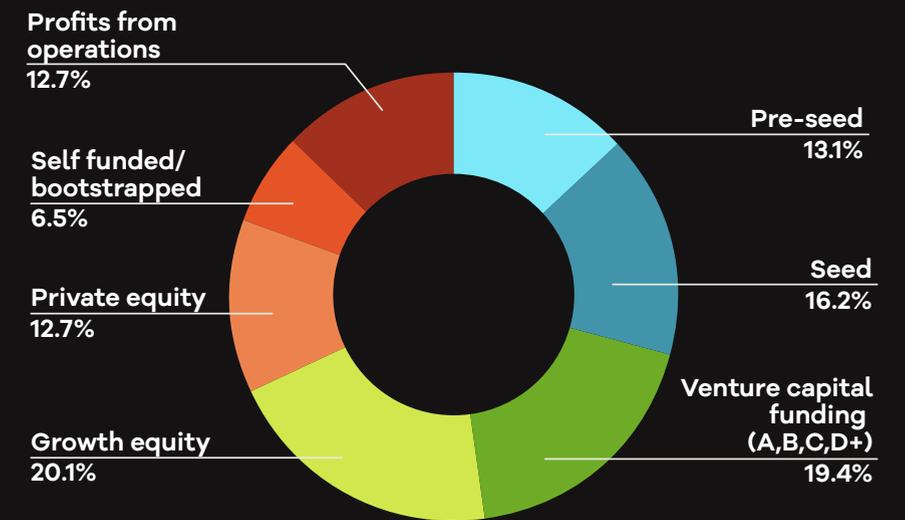
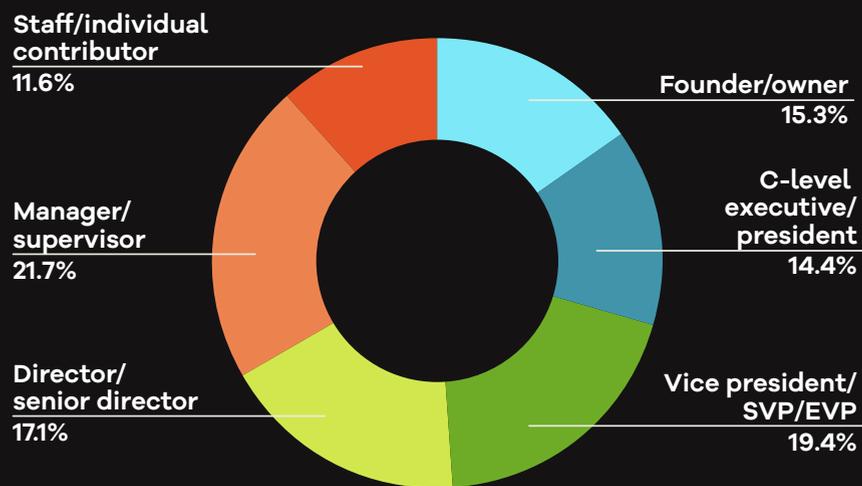
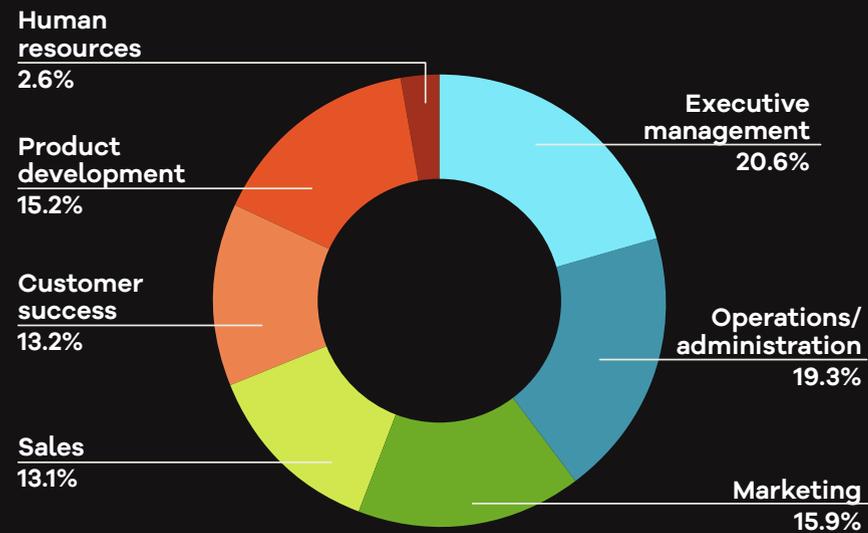
Opportunity	Pain points	Possible solutions
<b>Sales</b>	Poor SQL-to-close ratios, lower deal quality, missed quotas	<ul style="list-style-type: none"><li>• Sales X audit and design: Connect, engage, convert, expand</li><li>• Refresh sales enablement materials and motions: Outreach cadences, battle cards, first-meeting decks, demos, case studies, proposals, etc.</li><li>• Win-loss analysis</li></ul>
<b>Product</b>	Losing deals based on functionality and not living up to expectations	<ul style="list-style-type: none"><li>• Product strategy, competitive analysis, innovation opportunities</li><li>• Pricing study</li><li>• UX/UI assessments and enhancements</li></ul>
<b>Customer success</b>	High customer churn, poor NPS, and lower net lifetime value	<ul style="list-style-type: none"><li>• Customer success mapping</li><li>• Customer advocacy experience design</li><li>• Customer testimonials and case studies</li></ul>



# Methodology and demographics



This report is based on a market research survey to Work Tech professionals across a range of job roles fielded in August 2022. We received 703 responses from participants in the United States.



It's a new era for Work Tech. The stakes have never been higher. The competition has never been stiffer. The game has never been harder.

The Starr Conspiracy has the expertise to **create defining moments** that will transform your business — from strategy to execution — one CX moment at a time.



**1 Message**



**2 Strategy**



**3 Brand**



**4 Research**



**5 Content**



**6 Creative**



**7 Digital**



**8 Development**



**9 Public Relations**



# This is your brand's defining moment

Here are the brutal facts: The boom times are over (for now). Winter isn't just coming, it's here. The growth everyone experienced in 2020–21 was fun while it lasted, but it's time to accept we're in a different market now.

Great companies are built during downturns, and we expect 2023 to be no different. However, what will be different is how you grow. Customer Experience can be your growth driver in 2023. You can fight this reality, or you can get good with it. The choice is yours. **Ready to roll?**

Hit us up



Drop us a line



## About The Starr Conspiracy

Put people first and everything else grows. Your mantra is our mission. To build better experiences for employees, customers, and shareholders, get a partner that gets it. The Starr Conspiracy is an experience agency for brands that put employees first to drive business value. For over 20 years, our analysts, consultants, and marketers have been at the heart of the Work Tech industry, building some of the world's most purpose-driven brands. We have the expertise to create defining moments that will transform your business.

The Starr Conspiracy is located in Fort Worth, Texas. Learn more at [thestarrconspiracy.com](https://thestarrconspiracy.com).

