

# **The Software Marketer's Guide to Paid Media**

**How to generate more high-quality leads with less budget**

**Gartner®**  
Digital Markets

# Table of Contents

● <b>Smart investments in paid media fuel growth during economic uncertainty</b>	<b>3</b>
● <b>Step 1:</b> Define your marketing goals and plan your budget	<b>4</b>
● <b>Step 2:</b> Segment your target audience	<b>7</b>
● <b>Step 3:</b> Diversify your channel strategy	<b>10</b>
● <b>Step 4:</b> Optimize your channel mix by tracking the right metrics	<b>13</b>
● <b>Step 5:</b> Score up leads and enable sales to quick action	<b>15</b>
● <b>Case study:</b> Kangarootime achieves 26% lead-to-opportunity conversion rate with Gartner Digital Markets	<b>16</b>
● <b>Key takeaways</b>	<b>17</b>

# Smart investments in paid media fuel growth during economic uncertainty

Today's uncertain economic climate is not only causing an onslaught of layoffs<sup>[1]</sup>, but it's also causing marketers to pull their purse strings a bit tighter with 30% of major advertisers anticipating budget cuts in 2023<sup>[2]</sup>. The silver lining for software marketers is that software spending is expected to keep rising, with nearly 70% of businesses planning to spend more in 2023 than the year prior on technology and software<sup>[3]</sup>.

Considering how companies that continue to invest in growth during economic downturns **come out stronger** than their competitors when markets rebound, it becomes increasingly important to invest in the right strategies as you try to navigate economic headwinds.

When we look at budget allocations across paid, owned, and earned channels, paid digital media accounts for more than **60% of total digital spend**. Social advertising tops the list, closely followed by paid search and digital display.

---

**60%** of total digital marketing spend  
is allocated to paid media

---

To navigate these turbulent economic times, software marketers must make smart investments in paid media to facilitate growth or risk losing market share. But how do you do that?

This eBook provides a step-by-step guide on how to create, optimize, and track paid media campaigns that generate more high-quality leads with less budget.



# Step 1: Define your marketing goals and plan your budget

Before you can start developing a plan to generate leads, you need to set a budget. Your budget will act as a financial roadmap outlining the amount of money you have available for your lead generation strategies and will help ensure your goals are realistic and the resources to achieve them are available.

When investing in paid media, there are two types of goals:

- **Short-term goals:**  
These goals can include lead acquisition, increasing traffic and driving sales.
- **Long-term goals:**  
These include driving awareness, positioning your brand as an authority in your industry and becoming a destination brand.

It's important to remember that top-of-funnel activity that builds brand awareness should continue during an economic downturn. In fact, it becomes even more important. More than **60% of B2B buyers** ultimately choose the brand they had in mind at the start of their search, so reducing your marketing footprint is tantamount to shortchanging future sales.



## PRO TIP

Increase your brand awareness by developing a strong presence on software comparison sites such as Capterra, GetApp and Software Advice. These independent, third-party information resources are considered reliable by buyers, who spend up to 50% of their software buying journey consulting them.

## Define KPIs for each goal

Set SMART goals (specific, measurable, attainable, relevant and timely) to clearly define the desired outcomes of your paid media campaigns, and identify what key performance indicators (KPIs) you will use to determine whether or not your goal(s) have been accomplished.

### SMART evaluation criteria

#### Specificity:

The metric is sufficiently granular for the goal it measures.

#### Measurability:

The metric can be measured with reasonable ease and accuracy.

#### Actionability:

The metric can lead to action to improve performance.

#### Relevance:

The metric is aligned to overall objectives.

#### Timeliness:

The metric provides early warning signals of approaching risks or gaps in performance.

Source: Gartner

## Plan a budget

It's important to be realistic about your budget, targeting options and the return on investment (ROI) you hope to see. You also need to choose on which channel you'll run your campaign because pay-per-click (PPC), paid social, retargeting and other channels all have their own unique costs, as well as pros and cons to consider.

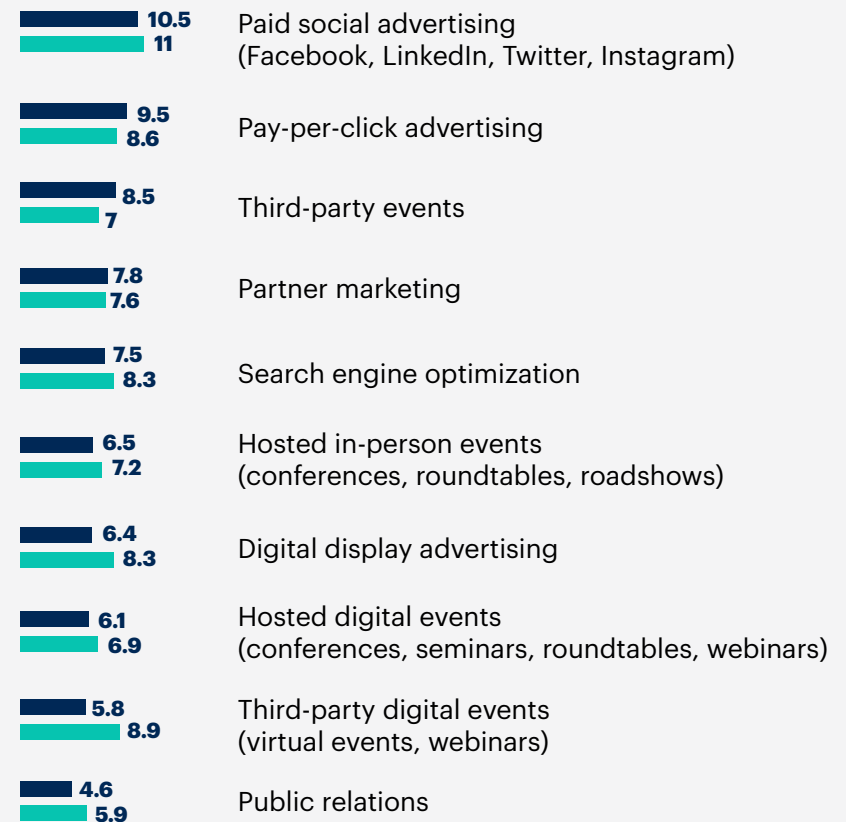
With limited budgets and resources in this dynamic economy, software marketers can use industry benchmarks to make critical media investment decisions. The number of channels used continues to grow, with an average of 13 channels—up from 10 in 2021<sup>[4]</sup>. Paid channels, such as PPC and paid social, are increasing the most in terms of usage, but they are also the channels to which tech marketers are allocating the most spend.

When calculating your budget, don't forget to factor in all of the costs associated with executing a paid media strategy, such as:

- Strategy creation
- Project management
- Graphic design
- Videography
- Copywriting
- Analytics
- Ad spend

## Top 10 channels by marketing budget allocation

● 2022 benchmarks ● 2021 benchmarks



n = 213 (2022), n = 294 (2021); respondents with \$100 million or more in revenue, excluding "not sure"

Q. What percentage of your company's total marketing program budget (excluding staff and technology spend) is being allocated to or spent on each of the following marketing channels?

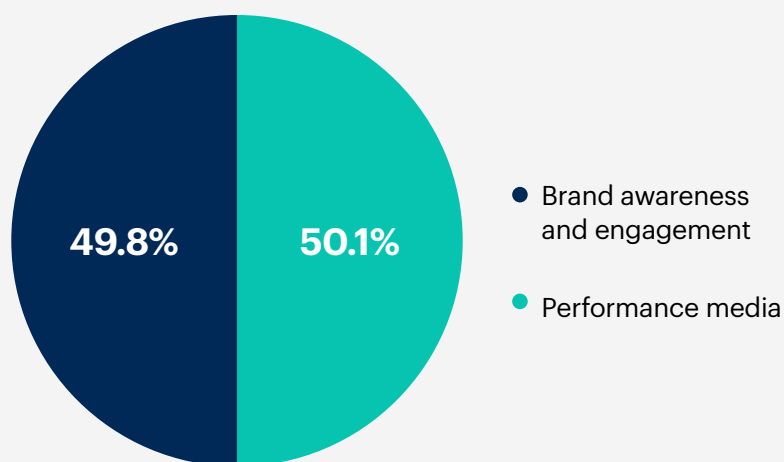
Source: 2021 and 2022 Gartner Technology Marketing Benchmarks Surveys

Third-party events include in-person tradeshows, conferences, roundtables, executive forums and "speed dating" events.

Budget allocation will depend on the product maturity and the outlook of the industry. For example, if you're a startup company trying to get on people's radars, you'll need to allocate more money than an iconic brand that's already a household name.

CMOs have to balance the need to build long-term value through brand awareness and sentiment while supporting near-term lead generation. In 2022, marketers allocated 50.1% of their budget on brand awareness and engagement while 49.8% was spent on performance media<sup>[5]</sup>.

### Paid media budgets support short- and long-term goals evenly



Source: 2022 Gartner CMO Strategy and Spend Survey; n = 392 (CMO with budget allocated to paid media). Q: What percent of your 2022 paid media budget managed by marketing will fund brand awareness and engagement and what percent will fund performance marketing?



#### PRO TIP

Check your competitors' financial reports to benchmark their paid media budgets so you can have an understanding of what they're spending—and what they're spending on.

### Look for creative solutions to budget planning

Paid media spending can be a budget eater. For marketers taking a more conservative approach to spending during this time of fiscal uncertainty, consider splitting paid media costs with the sales department.

Collaborating on a shared budget can provide an opportunity to invest in valuable tools or resources to get the data you need to make smarter investments in paid media. For example, [buyer intent](#) data tools or platforms can uncover what accounts to target with paid media and provide insights to support sales prospecting. A win-win solution for marketing and sales.

## Step 2: Segment your target audience

The biggest benefit of paid media is its ability to target specific audiences, which brings us to our next step in generating more high-quality leads with less budget: audience segmentation.

Defining your target audience depends on understanding the conditions that drive your market and the motivations and needs of your buyers. You can create ideal customer profiles (ICPs) to help you further nail down who your perfect customer is, what they're looking for and who they're currently purchasing from.

ICPs are the customers who would benefit the most from your products and/or services. The customers who fit your ICP are the most likely to be repeat buyers of your product(s) and become loyal fans of your brand. Knowing **who your software buyers are** allows you to invest more into meeting them where they are and exceeding their expectations—which will undoubtedly give you the biggest ROI.

To successfully **segment a market**, both intuition and data analysis must be deployed. By analyzing data, market segmentation assumptions can be confirmed and refined. This allows for more efficient development of ICPs.

### Companies that invest in well-defined ICPs benefit from<sup>[6]</sup>:



Faster sales cycles



Higher conversion rates



Greater lifetime value (LTV) and annual contract value (ACV)

## Tools to help with audience segmentation

There are a number of tools that can help you learn more about your target audience in order to target them with precision, including learning how to reach audiences **without the use of third-party cookies**. As the third-party cookie crumbles, the focus is shifting to first-party data. Of course, figuring out how to harvest first-party data can be a challenge. One solution is partnering with large and trusted publishers that collect first-party data. Look for publishing platforms that your targeted audience visits and trusts for making purchase decisions.

**Leverage B2B intent data** to build an ICP-based list of companies to target. **Software marketers can use intent data from the 9 million monthly software buyers that visit Gartner Digital Market's sites to identify accounts that are active and in-market.**

Another tool to help you learn about your target audience is Gartner's Segmentation Prioritization Checklist<sup>[7]</sup>. This tool can help you evaluate and prioritize your organization's customer segments based on their potential value and attractiveness.

## Gartner's Segmentation Prioritization Checklist



### Is this a high-value segment?

- Is this a particularly profitable segment?
- Does this segment have high growth potential?



### Do we have scope to improve performance in this segment?

- Are we under threat from competition in this market?
- Do we feel we are missing opportunities here?



### Do we understand this segment well?

- Do we have up-to-date customer insights (i.e., less than one year old)?
- Do we have data on media habits, web usage and service issues?



### Ask these additional questions for prospects and former customers.

- Does this segment have unmet needs that we are uniquely positioned to satisfy?
- Does the profitability of this segment justify the acquisition costs?

Source: Gartner



## Three common segmentation mistakes tech CEOs make

By examining common mistakes that tech CEOs make, we can gain valuable insight into how to avoid these errors and improve our own business practices. In this section, we'll explore three common segmentation mistakes—and how to avoid them.

### 1. **Broad market segmentation:**

To avoid creating a fragmented customer base and lack of focus on your most valuable segments, narrow your focus to the market that will most value your solutions, segment beyond demographic criteria and drive change throughout the organization.

### 2. **Poor alignment of solutions to business processes:**

When you don't thoroughly understand who your customer is or what they need, you won't be able to accurately align your solutions. To avoid this, expand your customer research beyond technical features and ensure your messaging translates features to business outcomes.

### 3. **Limited insights on job role needs in the target market:**

To avoid this common segmentation mistake tech CEOs make, create a marketing strategy that focuses on the common needs and wants of the people in the target market segment. This involves doing research to understand their specific roles and responsibilities, as well as what they need and want from the product or service being offered. Then tailor the messaging to these insights.

## Use audience segmentation to find best-fit channels

Understanding who your target audience is and where they spend their time online can help you avoid wasted spend on channels that aren't a right fit. For example, LinkedIn should be your go-to social media platform for B2B marketing because it is used for professional networking and therefore has the most lead generation potential in that target audience.

There are two main segmentation types:

- **Demographic:**  
Age, location and gender.
- **Behavioral:**  
Purchasing intent, actions and engagement.

Make sure you take the time to understand each platform's offerings, the demographics of its average users, and which platforms are the best fit for your ideal customers.



### **PRO TIP**

If you feel overwhelmed by the number of channels out there today, start by identifying the ones that won't be a good fit for your business. That will help you narrow down the list and head in the right direction for which channels may be best for you.

## Step 3: Diversify your channel strategy

In today's increasingly digital world, it's important to adopt a cross-channel optimization strategy rather than focusing only on one channel. A Gartner survey found that technology service providers using more than 10 channels saw a 7% increase in conversion rates across the marketing funnel over firms using fewer than 10 channels<sup>[8]</sup>.

---

**"When investing ad dollars to media, the three issues that marketers run into are reach, frequency and how much of both of those are actually wasted. To best tackle these issues head on, marketers must focus on diversifying and coordinating their media plan."**

**Eric Schmitt, Senior Director at Gartner<sup>[9]</sup>**

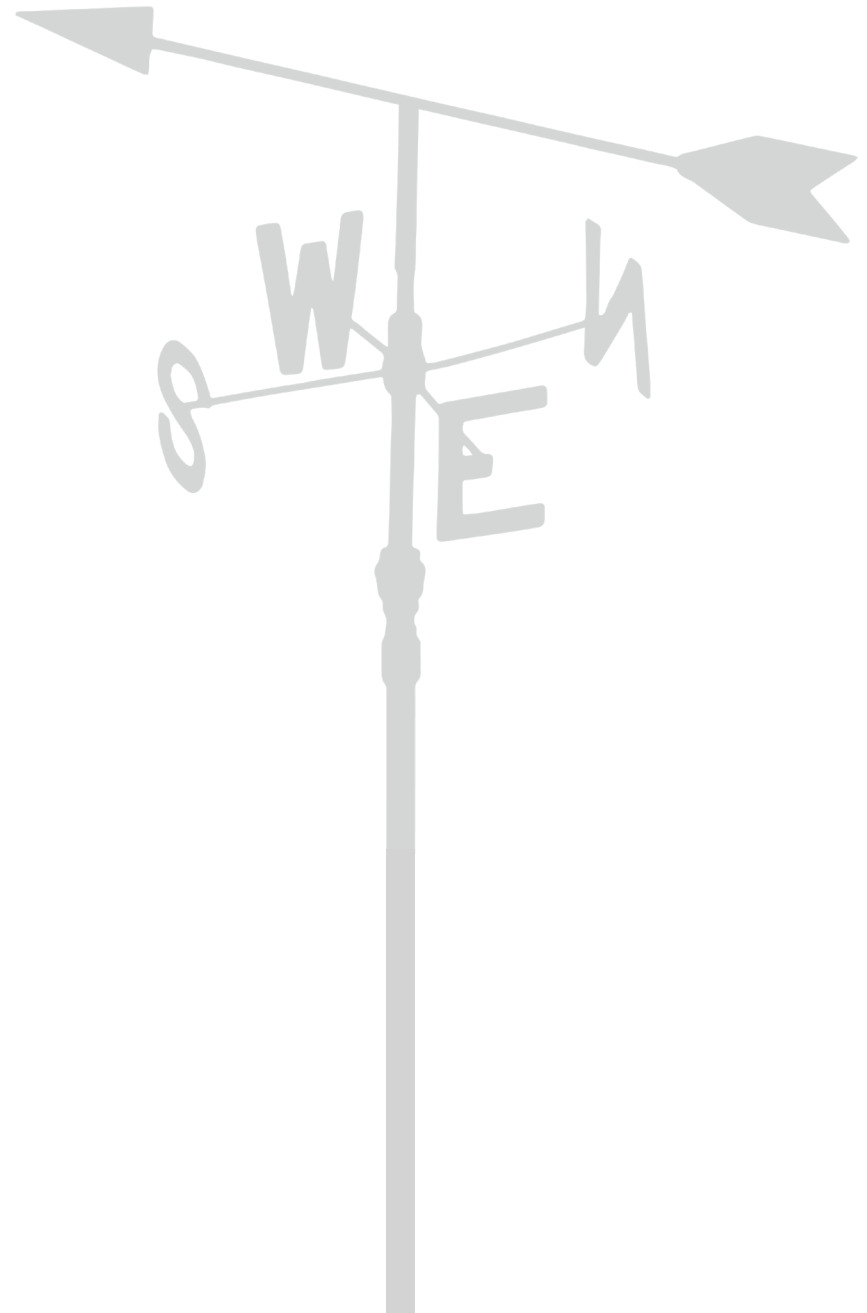
---

Cross-channel optimization focuses on building a connected sequence of events across multiple channels to optimize customer conversion and engagement rates. A cross-channel marketing strategy retains nearly 90% of customers<sup>[10]</sup>, compared to only 33% for brands with weak cross-channel customer engagement. What's more, cross-channel marketing also leads to a 30% higher lifetime customer value<sup>[11]</sup>.



### PRO TIP

Spend more time and resources on the channels that produce the best conversions, but keep testing smaller campaigns on a few other platforms to increase outreach. This will also help you collect more audience information and gain more experience using different platforms.



# Most common paid media channels

## Display ads

Display ads make a big visual impact through pop-ups, banner ads, and similar content that's embedded on other websites. Advertising on other websites allows you to expand your reach and engage with new audiences that may be looking for the goods and services you sell. You can leverage programmatic advertising to choose ideal locations for your display ads with the use of automated technology for media buying.

However, display ads do tend to have lower click-through rates and conversions than search ads<sup>[12]</sup>, so it's **vital to create intriguing CTAs** so you can still boost conversion rates via this strategy.



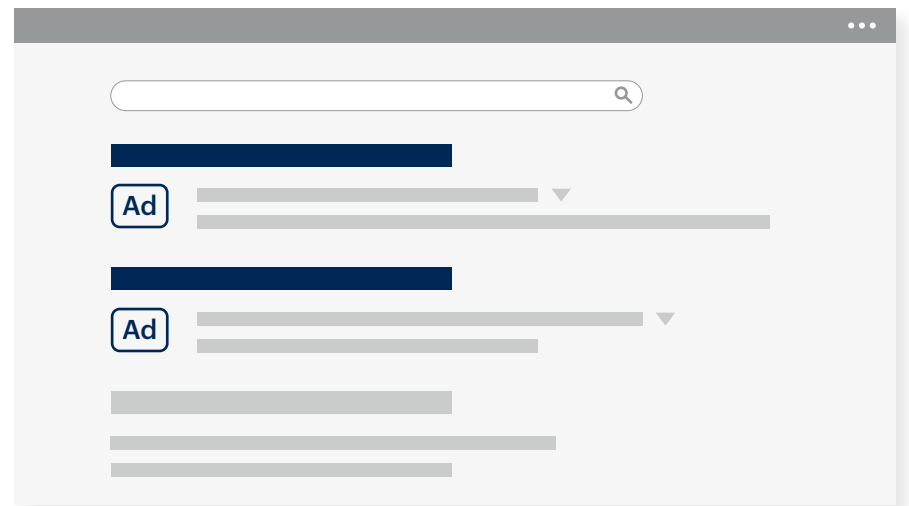
## Paid search

Paid search is when a company pays to have their website show up at the top of a search engine results page, usually through a Google Ads campaign. Paid search ads typically include the word “sponsored” before the listing and search engines charge a fee when someone clicks on the ad link.

To drive traffic through paid search, marketers must conduct keyword research to find the **keywords their target audience** is using to search for products or services like theirs.

To maximize the ROI of paid search ads, marketers can use a target ROAS (return on ad spend) bidding strategy. With this strategy, advertisers set a specific ROAS target, which represents the amount of revenue they want to generate for every dollar spent on advertising. The ad platform then automatically adjusts the bidding strategy to achieve the desired ROAS.

The downside of paid search is that the crowded space can often lead to expensive bidding wars over popular keywords.

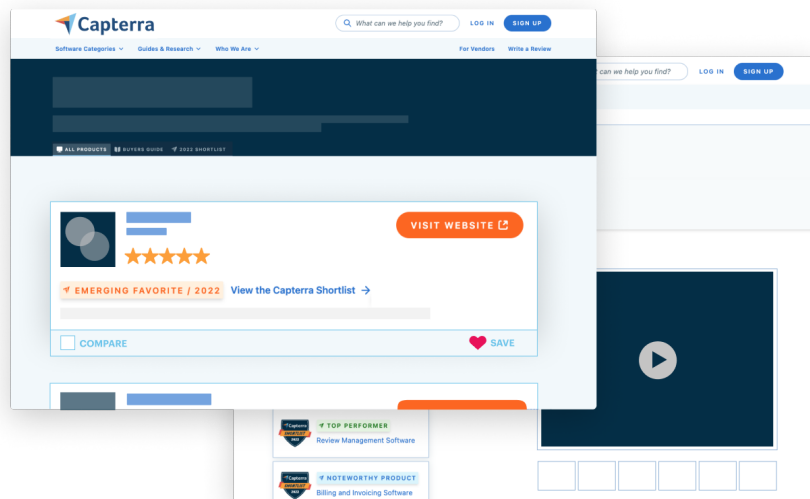


## Pay-per-click (PPC) on software comparison sites

PPC advertising is a popular form of digital marketing because it allows advertisers to target a specific audience and only pay for the clicks they receive.

One of the key benefits of PPC advertising on software comparison sites like Gartner Digital Markets, which includes Capterra, Software Advice, and GetApp, is the ability to target category-specific software buyers that are in-market and ready to buy. By identifying the right audience with a strong interest in the product or service being advertised, marketers can increase the likelihood of a click and, ultimately, a conversion.

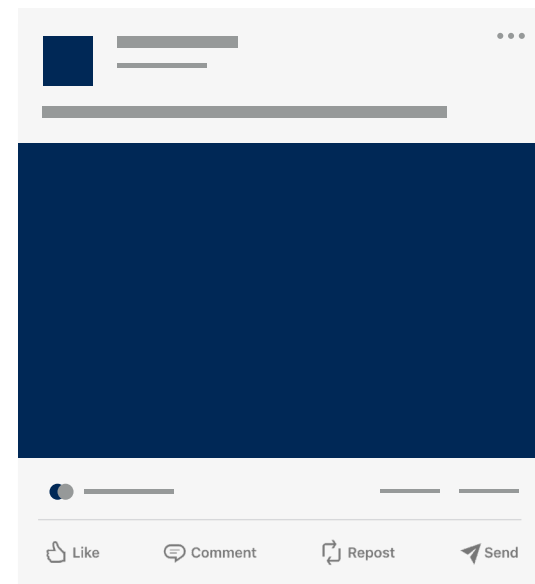
Budget control and **performance tracking** are also important parts of PPC advertising. To make the most of your budget, you can set a daily or monthly budget limit to **stay on budget** while adjusting your bids or targeting based on your ad's performance.



## Social media ads

The main benefits of social media ads are their visual impact and targeting capabilities—the ability to choose the people who are shown your ads based on demographic, geographic and behavioral data.

One of the biggest disadvantages of social media ads is the audiences have low intent. They're simply browsing their feeds, and your ad may be displayed on a banner that they aren't paying any attention to. That's why it's important to make sure you're leveraging social media platforms for each one's **unique audience and capabilities**. For example, LinkedIn is more effective for B2B marketing, while Instagram is the place to be if you're looking to target millennials.



## Step 4: Optimize your channel mix by tracking the right metrics

Once you've decided which channels to target, you can optimize your channel mix. Channel optimization refers to the techniques that are used to increase KPIs across all of your marketing channels. You should adjust the channel mix depending on which stage of the buying cycle prospects are in.

---

Nearly three-fourths of CMOs struggle to optimize marketing touchpoints<sup>[13]</sup>.

---

### 1. Awareness stage

At the top of the funnel, known as the awareness stage, it's important to track metrics such as impressions, brand mentions, engagements, and website visits. Some effective media channels to consider for this stage include social media ads, display ads, and promoting your product listing on software comparison sites.

### 2. Consideration stage

During the consideration stage, the goal is to convert interested prospects into leads. Cost per lead is a key metric to track since it reflects the cost of acquiring each lead. To effectively reach potential customers during this stage, marketers can leverage various channels, such as Google, software comparison sites, industry publications and targeted email marketing.

### 3. Decision stage

At the bottom of the funnel, in the decision stage, it's important to focus on metrics such as conversion rate and marketing qualified leads (MQLs). To effectively reach potential customers in this stage, consider using remarketing and other targeted channels that can help move leads toward making a purchase decision.

### Follow these steps to ensure all your touchpoints are optimized:

- **Choose the correct ad format for each channel and buying stage:** To make the most of your lead generation budget, you have to choose the correct ad format for each channel and buying stage. The right ad format can maximize the ad's impact and drive better engagement, while the wrong format can lead to wasted ad spend and poor results.
- **Remember to plan for ad frequency:** Ad frequency planning is key to ensuring your ads are seen enough times to make an impression but not so many times that they become annoying or repetitive.

# Channel metrics by funnel stage

## Funnel stage:

Awareness

## Channel:

- Paid social
- Display ads
- Software comparison sites

## Key metrics:

Impressions, brand mentions, engagements, click through rate (CTR) and website visits

## Funnel stage:

Decision

## Channel:

Retargeting  
(display ads and paid social)

## Key metrics:

Cost per acquisition (CPA),  
conversion rate and marketing  
qualified leads (MQLs)

## Funnel stage:

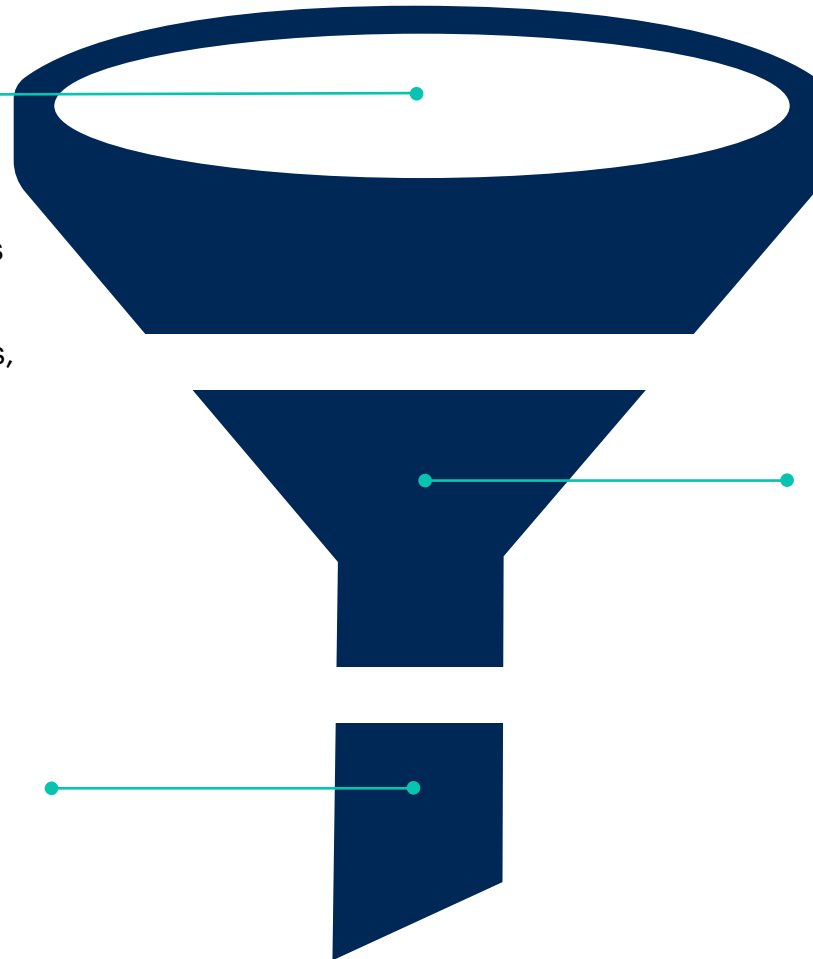
Consideration

## Channel:

- Display ads
- Paid search
- Software comparison sites

## Key metrics:

Cost per click (CPC)  
and cost per lead (CPL)



## Step 5: Score up leads and enable sales to quickly action

Software marketers can bridge the divide between marketing and sales by optimizing lead scoring with the right data and enabling sales teams to reach out to the right accounts.

### Use the right data to score up leads

Lead scoring streamlines the lead nurture process by assigning priority and strategy to lead follow-up. Leveraging lead scoring can help marketing and sales close gaps in what they perceive to be “good leads” and help ensure a smooth transition from a marketing-qualified lead to a sales-accepted lead.

Lead scoring criteria can include traits of individual buyers and accounts and are used to identify contacts who qualify as sales ready.

**Gartner research found that organizations that include the buyer journey stage and firmographic data in lead scoring models were nearly twice as likely to experience revenue increases in the past 12 months<sup>[14]</sup>.**

Additionally, behavioral data, such as first-party engagement and third-party intent data, is often used for lead scoring by high-growth organizations.

### Enable sales to contact the right accounts

Consistent and timely **sales follow-ups** are critical for converting leads into customers. Make sure your sales team is equipped to respond quickly and effectively to leads with resources such as email templates and call scripts.

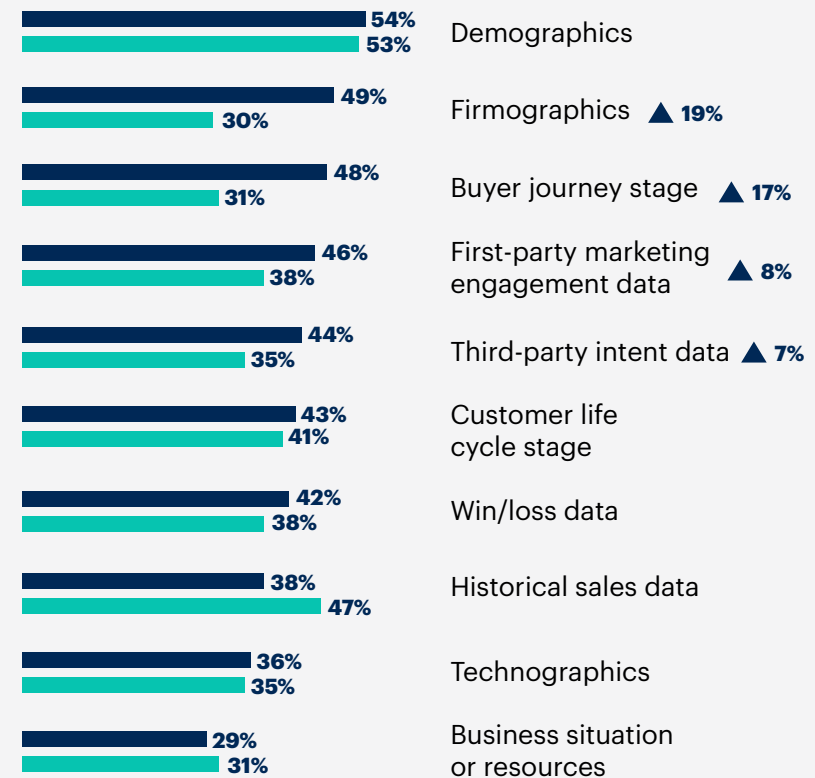


#### PRO TIP

**Integrating your digital marketing campaigns with a customer relationship management (CRM) system can also help you streamline lead tracking, scoring and all follow-ups.**

### Top 10 lead scoring criteria: growth vs nongrowth organizations

● Growth (n = 136) ● Nongrowth (n = 91)



n = varies; respondents with \$100 million or more in annual revenue and knowledge of marketing conversion rates; excludes “Not Sure”, “Others” not shown. Q. Please select all criteria you currently include in your lead scoring models.

Source: Gartner 2022 Tech Marketing Benchmarks.

Note: growth organization - an organization that experienced revenue growth in the past 12 months; nongrowth organization - an organization that experienced revenue stagnation or decline in the past 12 months.



## Case study:

# Kangarootime achieves 26% lead-to-opportunity conversion rate with Gartner Digital Markets



### Problem:

As a young software company looking to grow quickly, Kangarootime needed an efficient way to increase brand awareness in the childcare management software space and generate more high-quality leads.



### Solution:

The company launched a PPC lead generation campaign with Gartner Digital Markets and immediately started to collect high-quality leads that converted faster.



### Success:

With Gartner Digital Markets' Lead Generation, Kangarootime was able to reach more childcare management software buyers, generate high-quality leads, and achieve a 26% lead-to-opportunity conversion rate.



"Over time, we saw that our conversion rates were really high on Capterra, and that Gartner Digital Markets was the highest quality lead generation channel we had."

**Marissa Schneggenburger**, Senior Marketing Manager of Copywriting and Content, Kangarootime





# Key takeaways



## Share costs with sales.

Marketers looking to stretch media budgets during economic uncertainty can explore sharing costs with sales, especially on buyer intent data which supports sales prospecting.



## Create ideal customer profiles.

Nail down who your perfect customer is and what they're looking for. Then, use audience segmentation to find your best-fit channels.



## Test often and fail fast.

Start with small investments to test the waters and discover whether investing in a specific channel is worth it or not. If a channel is not generating enough return, move on quickly and test new ones until you find the right fit.

**Reach more software buyers and get high-quality leads to fill your pipeline.**

## Gartner Digital Markets Lead Generation

With over 9 million monthly software buyers, we help you get more brand awareness with your ICP and deliver higher-quality leads directly to your sales team.

[Learn More](#)

# Sources

1. [Mass Layoffs in 2022 & 2023: What's Next for Employees?](#), Mondo
2. [Marketing Budgets Under Heavy Scrutiny, WFA and Ebiquity Research](#), World Federations of Advertisers
3. [2023 Global Software Buying Trends](#), Gartner
4. [Tech Marketing Benchmarks Survey 2022: Demand Generation Insights](#), Gartner
5. [The State of Marketing Budget and Strategy in 2022](#), Gartner
6. [The Framework for Ideal Customer Profile Development](#), Gartner
7. [Ignition Guide to Creating a Lead Generation Campaign Plan as a Tech CEO](#), Gartner
8. [Use Multichannel Marketing To Generate More Demand](#), Gartner
9. [Eric Schmitt](#), LinkedIn
10. [The State of Omnichannel Shopping – Statistics and Trends](#), investp
11. [Omnichannel shoppers: An emerging retail reality](#), Think with Google
12. [Display Ads vs. Search Ads: When to Use Each to Get the Best ROI](#), Neil Patel
13. [Marketing Channels and Content Primer](#), Gartner
14. [Tech Marketing Benchmarks Survey 2022: Target Segmentation Insights](#), Gartner



## About Gartner Digital Markets

Gartner Digital Markets is the world's largest platform for finding software and services. More than 100 million people visit Capterra, GetApp, Software Advice, and UpCity across over 70 localized sites every year to read objective research and verified customer reviews that help them confidently choose the right software and services. Thousands of B2B companies work with Gartner Digital Markets to build their brand, capture buyer demand, and grow their business.



[gartnerdigitalmarkets.com](https://gartnerdigitalmarkets.com)



© 2023 Gartner Inc. and/or its affiliated. All rights reserved.

**Stay up to date with the latest insights, trends and research from our B2B growth experts.**

**Gain more insights**

**Gartner®**  
**Digital Markets**