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Introduction

You're trying to create brand awareness, generate demand, and grow revenue. But as a SaaS marketer, unique complexities stand between you and your goals: Sales cycles can take months or even years, your tech stack is complex, and your buyer personas are hesitant to replace their "make do" solutions (not to mention, they're some of the busiest people around).

Paid marketing harnesses specific targeting and intent signals to help place your message in front of the right person at the right time in their Buyer's Journey. In this e-book, you'll get a crash course on the aspects of paid marketing that SaaS marketers need to know, as well as tips on how to get started.

A Word on Buyer Personas

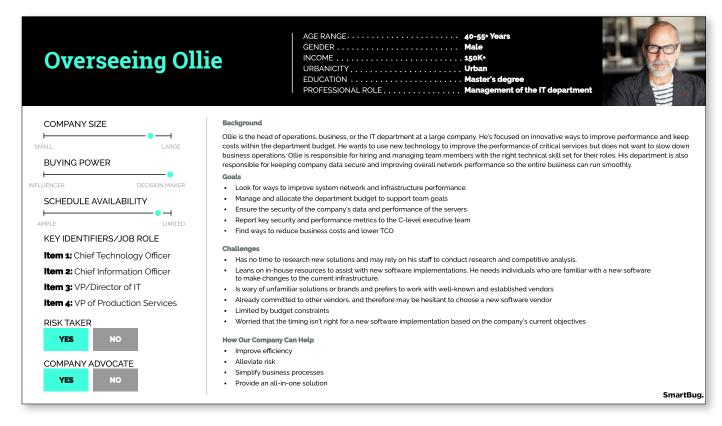
As you'll see throughout this guide, the success of your SaaS paid marketing campaigns relies heavily on what you already know about your buyer personas, which are fictional, generalized representations of your ideal customers.



Persona research will help you:

- Understand how your prospects formulate and research the pain points they're trying to address, allowing you to target them earlier in the process
- Know that your messaging resonates with your prospects
- Learn how your prospects are currently making do (or not) with their pain points, which can also enhance your messaging

For more advice on creating inbound marketing personas, check out our Ultimate Guide to Inbound Marketing Personas.



SmartBug. www.smartbugmedia.com

Paid Marketing Channels for SaaS

Paid digital marketing channels generally fall into three groups: paid search and display, paid social media, and accountbased marketing (ABM).

Paid Search and Display

Platforms like Google Ads (formerly AdWords) and Bing Ads enable you to target individuals based on the intent indicated by their search terms. With 90 percent of all searches occurring on Google, you should expect your ads there to be more expensive (Bing claims a much smaller and slightly older demographic).

SaaS marketers starting their paid search program will find it tempting to target keywords that describe their product terms like "project management software" or "employee expense report software." But only targeting these bottom-of-funnel keywords has several drawbacks:

- Targeting product description keywords is common, and nothing drives up ad cost like keyword competition.
- It may be hard to describe your SaaS in a concise way that your persona will relate to and that also isn't too broad.
- Bottom-of-funnel keywords align with buyers who are already well into their research, meaning you're excluding from your targeting.





When developing your SaaS paid search campaign, remember that not every ad needs to lead to a demo, app download, or contact form submission.

Instead, leverage your persona research to target the keywords buyers use while they're still in the awareness phase (when they're researching or formulating their pain point) or the consideration phase (when their issue is defined and they've begun researching types of solutions).

When targeting buyers earlier in their research, be sure to review the performance of your existing content. Chances are, if it's performing well organically, it will also make a great offer for a paid search campaign.



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Google Ads and Bing Ads also offer display ads—typically made up of an image, callout text, and descriptor text. These appear in various places on different websites that your personas may visit.

Some display ad targeting options that are useful for SaaS marketers include:

- Remarketing: When a visitor completes a certain action on your site, you can show them an ad tailored around that action, helping you stay top of mind. Remarketing is also a chance to engage existing customers with delight-stage offers and upsells.
- Topics and Domains: Show your ads on websites that focus on the topics you choose. Better yet, if you know that your personas visit specific websites, target your ads to appear on those domains.
- Demographics and Interests: Like domain targeting, demographic targeting will rely heavily on your persona research. The targeting here can be very specific.

Paid Social Media

If the strength of paid search and display marketing is its alignment with buyer intent, then the strength of social media is its highly specific targeting.

Our advice: Don't try everything below right out of the gate. Instead, start small and continue to optimize. If your SaaS product is primarily B2C, you might focus on more lifestyle platforms, such as Instagram (managed through Facebook) and Pinterest.

LinkedIn

As the platform for business professionals, LinkedIn offers B2B SaaS marketers no shortage of ad options, including:

- Sponsored content that appears directly in users' LinkedIn feeds and is perfect for videos, carousel stories, or longer-form educational content.
- Display ads' placement similar to Google Display Ads, just on the LinkedIn site.
- Sponsored InMail which appears directly in users' private messages instead of their feeds, meaning that marketing and sales teams will want to use this option sparingly, intentionally, and only for helpful content.

For lead generation in particular, LinkedIn has joined other platforms in providing pre-populated form options to improve conversion rates.

For audience targeting, LinkedIn targeting offers a multitude of inclusion and exclusion parameters, including company name, job title, and more. You can also upload your own contact lists and target your website visitors via LinkedIn's remarketing capabilities. Further, LinkedIn recently began offering lookalike audiences as a targeting criteria. The platform analyzes audience lists that you provide, and then queries its user base for contacts with similar traits. This feature is great to use with lists of your target and current customers.



Facebook

www.smartbugmedia.com

Facebook can reference more user data points than just about any other tool, and that makes it an excellent channel for SaaS marketers.

It's no secret that Facebook has become pay-to-play as its user base has ballooned. If brand awareness is your goal, you might try boosting some of your posts to get them in front of your personas. Or if lead generation is your main concern, provide a helpful resource to educate your personas during their research.

Like LinkedIn, Facebook empowers you to create lookalike audiences from your lists, and their lead ads pre-populate forms with contact information (in fact, Facebook was the first to offer these features).

Facebook also offers a breadth of channels that can be managed from one dashboard: Facebook proper, Facebook Messenger, and Instagram.

Account-Based Marketing

Your buyers complete 60 to 80 percent of their research before becoming leads. Once they become leads, longer sales cycles and a complex chain of client decision makers are often the norm.

These factors make account-based marketing (ABM) platforms like Terminus a great choice for SaaS marketers who want to engage prospects early and stay top of mind throughout the funnel.



How ABM Works

ABM focuses not on similar groups of contacts across different companies but on the key stakeholders at your target accounts.

These platforms can deploy the entire gamut of your content—ads, blog articles, e-books, white papers, webinars, demos, marketing emails, and so on—to engage your target account's buying committee early and regularly and leverage engagement analytics you didn't know were possible.



How SaaS Marketers Can Deploy ABM Throughout the Funnel

An ABM campaign is similar to most digital campaigns, and creating it well relies on your buyer persona research. You need relevant content that speaks to your personas at the correct time in their Buyer's Journey.

There's no set rule for how many pieces of content to use in an ABM campaign, but as we've noted before, you should consider starting with smaller, simpler campaigns that will help you earn quick wins and continued internal support for your ABM.



The Parts of an ABM Platform

Terminus divides its ABM offering into three main modules:

- Engage: Marketing can deploy content campaigns across your ABM platform's display network of relevant websites and social media platforms. These campaigns are dynamic, based on how your target account personas progress through the campaign offers. Targeting occurs via your ABM platform's database, integration with your CRM lists, and even retargeting.
- Activate: Your ABM platform monitors how individual target accounts engage with your content and it monitors for engagement spikes via your platform's AI learning. By receiving these intent signals early and directly to your CRM, your sales team can reach out at the right time with the right solution.
- Target and Measure: Within your target account database, marketing teams access a 360-degree view of the relative engagement levels and readiness of target accounts, helping prioritize your sales actions and creating a single source of truth for your campaign metrics. From there, review your campaign analytics for the marketing channels and content that drove the most value so you can double down on your efforts there.

The best choice of ABM platform will depend on which offering aligns best with your goals, but at the very least, make sure you're able to track these ABM metrics.



Basics of Paid Media Strategy

Now that you have a broad overview of all the platforms, it's time to go out and spend all your budget on all the platforms, right? Of course not! It's crucial to take a strategic approach to your platform selection, targeting, and spend management.

There are two overarching strategy tips that you should keep in mind, regardless of your platform.

First, we can't restate this enough: If you haven't managed a significant amount of paid media in the past, the best thing you

can do is start small. That means one or two platforms, a portion of your planned monthly budget, and hyper-specific targeting. You can always increase your budget, add another channel, or broaden your targeting, but you can't get back spend that you've wasted.

Second, you'll want to complete your persona research and use this as your north star when selecting platforms, developing your targeting, and creating ads.

With these tips in mind, let's dive into the basics of paid strategy.



It's crucial to take a strategic approach to your platform selection, targeting, and spend management.



Understanding Targeting Options

When you run paid media, your campaigns and campaign strategy largely rely upon the targeting options available on your chosen platform. With this in mind, it's crucial that you understand the various targeting options available across platforms.

Search Targeting: Search targeting is used on platforms such as Google and Bing Ads to show paid search results to users. How does this work? When you build your campaign, you tell the ad platform what searches you want to show for and what ads you want to display for which searches.

One of the most important aspects of search targeting is understanding keyword match types. There are four basic match types: broad match, broad match modified, phrase match, and exact match.

These are denoted with specific special characters, as illustrated here:

- Broad Match: payroll software
- Broad Match Modified: +payroll +software
- Phrase Match: "payroll software"
- Exact Match: [payroll software]

As the names imply, these are ordered from the most broad to the most specific. To illustrate, if a SaaS company ran ads based on the broad match keyword example above, their ads might be triggered by synonymous terms like "billing technology" or even a long-tail search like "what billing professionals should be prepared for as it relates to **technology** in 2019."

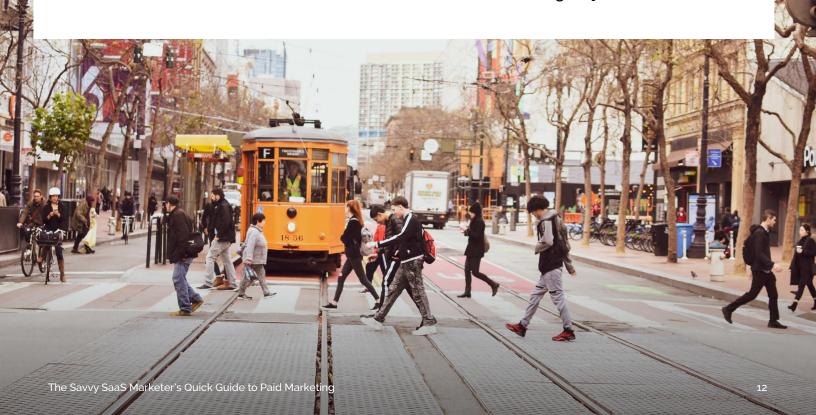
Broad match modified keywords narrow down the searches for which an ad appears. In the example above, ads should only show for searches that contain the words "payroll" and "software" or their very close synonyms. An example might be, "Why should a payroll professional buy specialized software?"

Phrase match keywords show your ads for searches that contain that particular phrase or its close synonyms. In the illustration above, this means the search "what's the best **payroll software**" could trigger an ad.

Finally, exact match keywords will only show ads for an exact match or its close synonyms. For the exact match keyword above to show an ad, someone would have to complete a search like "payroll software" or "payroll softwares."

If you're playing it safe with your budget as you start (which we advise), you'll likely want to start with exact match or phrase match keywords. If you're not seeing enough traffic, you can then increase the breadth of the keyword. Likewise, if a particular keyword is driving a lot of conversions, you might want to update it to a broader match type, because this could drive more traffic with similar conversion rates.

As a final note, you'll want to make sure to take advantage of negative keywords. Negative keywords are terms for which you don't want your ads to show. A common example of this is "jobs." Most paid media managers should go to "keywords" > "negative keywords" and add the term "jobs," because this effectively tells Google Ads that you want your ads to show for your named keywords unless the search includes the term "jobs." This prevents your ads from showing for job seekers.



Behavioral Targeting: Behavioral targeting is relatively straightforward; it is based on actual behaviors taken by your buyer. As an example, you can use Facebook Ads to target people who follow specific Facebook pages. Likewise, you can select a list of websites in the Google Display Ad platform and target anyone who visits those sites. Ask yourself, "What behavioral targeting options does my paid media platform have? Which options can I leverage to get in front of my ideal buyer when they are primed to consider my service?"

Retargeting: Retargeting shows ads to users who have spent time on your site. When they visit your site, your script from a platform like Google Ads cookies the user. This is how Google knows who has visited your site and which ads to show them. It's important to know that you can cookie users based on the pages they've visited. This allows you to show different ads to someone who saw a blog, someone who looked at your pricing page, and someone who looked at a page that's only accessible to customers.



Ask yourself, "What behavioral targeting options does my paid media platform have?"

Demographic Targeting: Demographic targeting is particularly important because it ensures that you show your ads to the right type of user. As the name implies, it's based on basic demographic information like age, gender, income, job title, and more. Let's put it this way: If SmartBug ran an ad campaign promoting content about market research, we might want to exclude everyone in the 18-24 demographic. Why? Because 20-year-olds who search "market research" are probably doing research for a college class. Something tells us they won't be looking to hire a marketing agency.



Getting Started with Campaign Setup

You'll want to select the platform that best aligns with your buyer personas and begin developing your campaigns there. As stated above, each platform has its own targeting options, and those targeting options should guide the first step of your strategy—research.

For example, if you want to use Google Ads to drive traffic and convert leads, you'll want to start with keyword research. Let's say that you sell payroll software. Of course, one of your keywords would be "payroll software," but as you use the keyword planner tool in Google Ads, you might find other terms like "small business payroll software," "payroll software for accountants," and "online payroll software." All three of these options might describe your SaaS offering and make sense for you to use as you target search intent.

Likewise, you could sell that same payroll software on LinkedIn. In this case, you won't complete keyword research. Rather, you'll lean more heavily on your buyer personas to guide your strategy because targeting on LinkedIn is mostly based on account attributes like job experience, company, and interests.

As you complete your research, you'll see opportunities to target potential buyers. You'll want to organize these different opportunities into similar groupings, which will ultimately become your campaigns.

For example, in the LinkedIn Ads example above, you may determine that it makes sense to target junior and senior accounting roles. However, these individuals require different messaging. As a result, you'll want to place them in different campaigns.

Once you've selected your platforms, completed your research, and planned out your potential campaigns, you'll want to start thinking about ad creative.

Develop Ad Creative Like a Pro

With your campaigns planned out, you'll need to start creating ads. As you develop your ad creative, you'll want to think about your buyer personas: What is most important to them? What keeps them up at night? What pain points does your software help them solve?

These questions and others like them will guide your ad creative process. Let's say you sell an HR software that enables HR professionals to track the completion of mandated training. These buyer personas are likely very concerned about audits and maintaining compliance, so you could use copy like, "100% of users pass audits."

Here are some other quick tips for ad creative:

- Use stats and special characters in your copy (but don't overdo it).
- Call out your buyer's job title or profession.
- Don't skimp on quality imagery.
- Try to use imagery that is somewhat unique and stands out from the crowd.
- Test different ad types (video versus static versus carousel).
- In Google Ads, make sure you use the full ad space (e.g., use features like ad extensions and don't let an opportunity for characters go to waste).

Remember: The goal is to provide the user a consistent experience the whole way through. This means that if someone searches "customer support software," they should see an ad that uses the term "customer support software." When they click on that ad, it should take them to

a page that continues to use the term "customer support software." Also, this is a bottom-of-funnel search, so the offer should be more bottom of funnel—a free trial or a consultation, for example. Likewise, if you use an ad on Facebook to promote your e-book and you use the copy, "Download in one simple click," then your buyer had better be able to download that e-book with one simple click!

Making an Offer They Can't Refuse

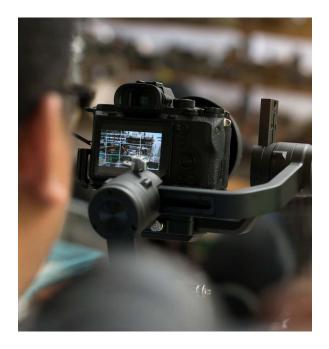
You should have a final goal for the user, and that goal should be for them to accept whatever offer is at the end of the ad experience. When they accept that offer, you've moved them one step closer to becoming a customer. The offer should match their stage in the Buyer's Journey. For example, if someone is in the awareness stage, you may want them to read a blog post. However, if someone is in the decision stage, you may want them to talk to sales, sign up for a free trial, or receive a free consultation.



Some of the offers you can make include:

- Blog Posts: Blog posts typically make great top-of-funnel offers that help raise brand awareness. That said, they can fulfill a variety of functions in your ads beyond just brand awareness. For example, if you have a blog post about how you onboard new customers effectively, that would make a great bottom-of-funnel offer.
- Video: Video is a great offer that requires little commitment from the user. It can be an easy way to raise brand awareness and educate users. We've found that video is highly effective on Facebook in particular, where the cost per view is very low. This means video drives a lot of brand awareness with a small budget (if the video is already made).
- Downloads: There are a variety of premium content offerings that can make great downloads, from e-books to vendor comparison guides to white papers. Downloads are great for converting users into leads when they are not yet ready to buy your software. By using downloads to convert buyers who may not be ready yet, you can continue marketing to them over time through lead nurture campaigns and monthly promotional emails.

- Freemium: For users who are in the decision stage, nothing beats a freemium offering or free trial. It's the try-before-you-buy scenario that helps them feel confident in their purchasing decision. Once you've converted someone on a freemium offer, don't stop the ads—start showing them ads that tout the benefits of a paid account.
- Demos: Demos are great if you don't have a freemium offering, and they're especially great to help move customers up from one tier of pricing to another. Of course, they are a bottom-of-funnel offering, so you'll want to be very targeted with your ads promoting them.





Don't You Forget About Me

Don't forget about customers just because they are no longer prospects. Making a purchase shouldn't automatically eliminate them from your ads strategy. Rather, you should consider the nature of your business and determine if there are upsell opportunities with your current customers.

The odds are, you probably have multiple tiers of pricing and you're currently unhappy with the distribution of customers across each tier. Most SaaS companies we talk to are trying to figure out how to move their customers from a lower pricing tier to a higher pricing tier.

Likewise, many customers are unhappy with their churn rates. They constantly wonder, "How could I better engage my customers to reduce churn?"

Remarketing ads can be an effective means for retaining customers and increasing their average value. The trick is to make sure that you have your tracking script on pages only accessible to customers. Then, in an ad platform like Google Ads or Facebook, you select to only show ads to people who have visited those customer-only pages. This allows you to show customers ads with content and offers that are only relevant to them.



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Metrics to Measure and How to Gauge Success

All of the strategies and great ideas in the world do not guarantee a successful campaign. Every company is different and every buyer is different. With this in mind, you'll want to be aggressive with your data collection and analysis. This will help you understand what's working, what's not, and how you can make improvements to increase the ROI on your paid media spend.

At the very least, we would recommend you track the following metrics:

CTR: Your click-through rate (CTR) is an excellent indicator of ad relevance. If you track your CTR over time, you can make adjustments to your ad copy and imagery and understand if those updates increase the relevancy of your ad to your audience. Not only that, but CTR is used by most ad platforms to determine your cost per click (CPC). This makes sense: Irrelevant ads don't receive clicks, and clicks are how the

- platforms get paid. If they're going to make the same amount of money for less clicks, they need to increase the required CPC.
- Conversion Rate: Most people think of conversion rate as the ratio of visitors to leads. That is, how many clicks turned into a lead. They're not wrong, but conversion rate doesn't apply in this way alone. You'll want to understand your conversion rate for each stage: traffic to lead, MQL to SQL, and so on.
- Quality Score: This particular metric is unique to search platforms, and it's composed of three parts: ad relevance, expected CTR, and landing page experience. Search platforms use these three factors to build a score from one to 10, with a higher score correlating with better ad experience for the user and—most importantly—a lower CPC for you. Learn more about this metric and how to improve it here.

MQLs: Marketing qualified leads (MQLs) are those leads that have shown they are sales-ready, but aren't yet prepared for a one-on-one conversation with a sales team member. As an example, someone who downloads an e-book and fits your target industry and business size is likely an MQL. You'll want to track MQLs because doing so will help you fully visualize your funnel as users move from traffic to customers.

■ SQLs: SQLs or sales qualified leads are generally defined as those leads that are worthy of a direct sales follow-up. These tend to be the leads who are highly engaged in content or who have requested to speak with a sales team member or receive a free trial. As you might expect, you'll have less SQLs as

you start your paid media campaigns, but you should expect the number of leads in this stage to grow over time. This is because many of your paid media leads will start as MQLs and transition to SQLs as you nurture them through workflows and ads showing bottom-of-funnel offers.

CAC: ROI is the name of the game and CAC, or customer acquisition cost, plays a major role in determining your ROI. Over time, you should get a clear understanding of your CAC, knowing exactly how much you need to spend to acquire a customer.

Average Customer Value:

Understanding your average customer value, like CAC, plays a crucial role in understanding your ROI. Not only that, but understanding your average customer value by channel will help you see which channels drive the most valuable customers



■ Customers per Pricing Tier: As we noted earlier, it's important to drive new customers and the right distribution of customers across pricing tiers. For example, if you've determined that you need your customer distribution to be 20 percent starter, 50 percent mid-tier, and 30 percent enterprise, you'll want to track customer acquisition and ensure that it's in line with this distribution.

Qualitative Data from Your Sales Team: Numbers only tell part of the story. After you've had your campaigns running for a while, follow up with your sales team on the leads you've acquired. For each channel, find a few leads that were driven from that

channel and ask your sales team about the conversations they had with those leads. Their insight might help you understand the quality of lead by channel. Moreover, they might be able to give you insights for writing better ads. For example, your sales team might notice that prospective clients have a misconception about your software and what it helps them accomplish. Was there something in your ad copy or landing pages that gave them this impression? If not, is there a way you could rework your copy to make your offering more clear? Talking with your sales team will unearth a lot of information that the data won't reveal.



ROI Payback Period: Determining your ad spend doesn't have to be guesswork—you just need to work backwards through your funnel. Start with your average customer lifetime value (i.e., the average yearly revenue per customer multiplied by the average lifespan of a customer account) and subtract your average yearly expenses for servicing that account. This gives you a break-even point for how much to spend on your ads per year. From there, determine how many leads you needed to get that one customer, and still working backwards, how many conversions you needed to get that number of leads. These calculations will tell you how many paid clicks you need on average to acquire a single customer. Divide your average customer lifetime value by the number of clicks it takes to acquire a customer, and voila: a solid starting bid amount for your paid ads.

Analyzing Your Funnel: With all of these metrics tracked, you should be able to fully understand your funnel. You can work backwards from your revenue goal to your average value per customer, to your SQLs, to MQLs, to traffic. Knowing your conversion rate at each stage, you'll know exactly what you need to spend to drive results, and because you know your ROI, you can be confident that it's money well spent.



Divide your average customer lifetime value by the number of clicks it takes to acquire a customer, and voila: a solid starting bid amount for your paid ads.





Tying It All Together: Spotlight Cloud Turns Its Paid Marketing Around

Spotlight Cloud is a B2B SaaS that provides cloud-based SQL database monitoring to lighten the load on database administrators.

Like many SaaS marketers, the Spotlight Cloud team knew they should have at least a small presence on paid digital channels. But they didn't want to spread themselves too thin across more than they could manage, so they focused most of their paid efforts on paid search.

Busy schedules and day-to-day priorities took precedence over deep diving into the nuance of analyzing and optimizing the ongoing campaign. With so many targeting and messaging options available, the team wanted to focus only on minimal changes that would have the greatest impact.

SmartBug helped the team identify and implement those changes. As SmartBug Senior Paid Search Strategist Jake Havenridge took over the account, he noticed a variety of opportunities to reduce spend.

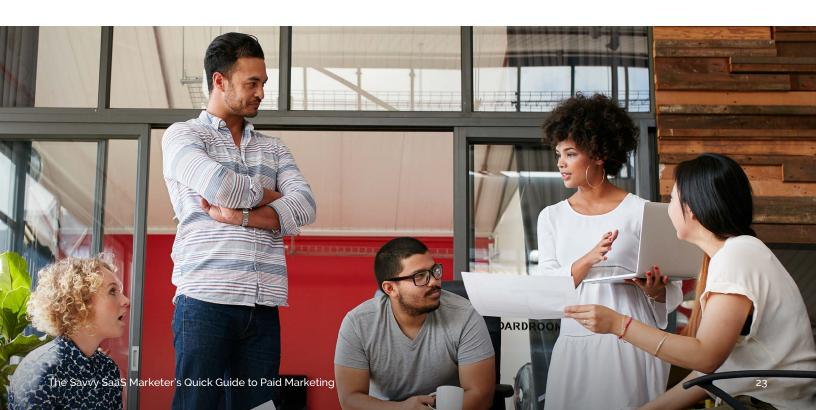
For example, the account didn't have anything tagged to help organize the campaigns. Moreover, no negative keywords were being used, which resulted in a lot of wasted spend on clicks for terms that had nothing to do with Spotlight's offerings. Addressing this was no minor change—there have since been more than 300 negative keywords added to prevent wasted budget.

Additionally, Jake's team launched a new landing page that had a bottom-of-funnel offering for a free trial. This wasn't present before, but plays a crucial role in the Buyer's Journey for this particular buyer. This addition continues to improve campaign performance.

As Jake noted, "Launching the new landing page is when things really took off. Over the course of April, qualified leads increased nearly 35 percent, despite ad spend remaining relatively stable." These initial changes resulted in three times the results without an increase in budget.



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Curious how we can help grow your business?

Let's chat. Get the conversation started and let's talk about your organization, your goals, and how SmartBug™ can help you achieve them.

Let's Talk



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