



DEMYSTIFYING MARKETING AUTOMATION COSTS

ANALYST

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THE BOTTOM LINE

Nucleus found Act-On and HubSpot to be the most cost-effective marketing automation solutions out-of-box. However, low upfront costs do not necessarily mean a solution will remain the most cost-effective throughout its lifetime. As companies grow, add-ons and usage can impact total subscription cost and cause customers to switch providers.

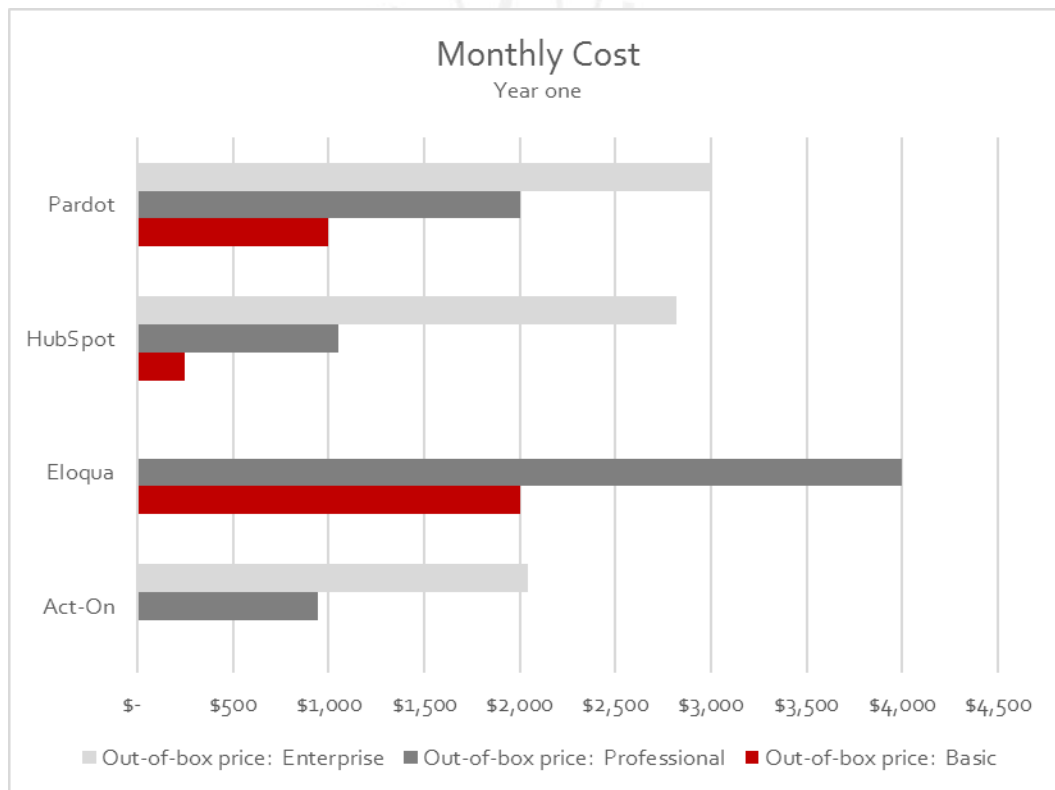
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OVERVIEW

There are many key factors to consider when purchasing a marketing automation solution, not least of which is subscription cost. Much to the surprise of many customers, subscription costs rarely stay the same throughout the lifetime of a solution. Whether it be due to lack of research on the part of the customer or obfuscation of costs on the part of the vendor, companies often fail to anticipate how much their annual subscription costs will increase as their company grows. In this report, Nucleus evaluates the upfront costs of the marketing automation solutions we see come up in deals most frequently – Act-On, Eloqua, HubSpot and Pardot – and looks at what additional factors might influence baseline subscription costs over time. By providing insight into these frequently overlooked factors, Nucleus can help customers budget more accurately, and help vendors improve customer retention.

ANTICIPATED COSTS

Nucleus first evaluated the advertised costs of Act-On, Eloqua, HubSpot and Pardot. For basic packages, which tend to suit smaller businesses or companies that are new to marketing automation, Nucleus found HubSpot to be the most cost-effective solution out-of-box. For both professional and enterprise-level packages, which suit medium sized and large businesses, Nucleus found Act-On is the most cost-effective solution out-of-box. Act-On and HubSpot have mandatory onboarding fees, which have been included.



UNANTICIPATED COSTS

Nucleus talked to customers about the factors that have affected their subscription costs over time, and identified the two key factors that are often overlooked: add-ons and usage. In most cases, customers did not anticipate costs associated with at least one of these factors. In some cases, unexpected costs led customers to seek a new vendor.

ADD-ONS

Few customers use marketing automation solutions without customizing them eventually. However, customers often overlook additional functionality and applications in their budgets. Customers said:

- *"If we had known up front how expensive our former marketing automation solution would get, maybe we could have budgeted for it."*
- *"Our vendor has an analytics tool that they can build into their marketing solution, but it is really expensive to do that. If it were more cost effective, we would do it. I feel you should automatically get those capabilities out-of-box. Because you don't, it's not even an option for us."*

Functionality

Some solutions vary significantly from one package to the next, so customers should make sure the functionality they need is in the package they can afford. Act-On's professional solution lacks the account based marketing (ABM) and built-in customer relationship management (CRM) integration that comes with its enterprise version, for example. HubSpot's basic and professional packages lack predictive lead scoring and event reporting capabilities. Pardot's basic and professional packages lack custom permissions and API access. Eloqua's basic and professional packages lack a sandbox test environment.

Applications

Some vendors charge for additional applications, such as advertising, sales enablement, website development, and analytic capabilities. For example, HubSpot charges an additional \$300 per month for website hosting, and Pardot charges an additional \$50 per month for its Engage application, which equips salespeople with marketing automation tools. Customers should consider whether they might need these applications in the future, and if it would be more cost-effective to choose a solution with these capabilities built in.

USAGE

Each package comes with a certain number of contacts and users out-of-box. Most vendors structure their packages so that customers will eventually either need to pay for additional users or purchase additional contacts as their database grows, but customers often fail to take this into consideration. Customers said:

- *"As our business grew, our database grew as well. The solution just keeps getting more and more expensive. We didn't expect to grow so rapidly. We feel like we are being punished for doing exactly what the tool has enabled us to do: grow."*

- *"We have over 300,000 contacts in our database, but only send e-mails to 55,000 of them. Finding a marketing automation solution that charged us for 'active' contacts only was essential for us."*

Database size

Increasing the number of contacts in a database comes at an additional cost. For example, HubSpot charges an additional \$100 for every 1,000 contacts in the basic package, an additional \$50 for every 1,000 contacts in the professional package, and an additional \$10 for every 1,000 contacts in the enterprise edition. Most vendors count each contact toward the total database size, but Act-On charges only for "active" contacts.

NUMBER OF CONTACTS OUT-OF-BOX			
	Basic	Professional	Enterprise
Act-On	Not applicable	2,500	2,500
Eloqua	10,000	10,000	10,000
HubSpot	100	1000	10,000
Pardot	10,000	10,000	10,000

Number of users

Most vendors allow unlimited number of users, but some charge a fee for each additional user. Act-On and Eloqua, for example, have limits on the number of marketing and sales users.

NUMBER OF MARKETING USERS OUT-OF-BOX			
	Basic	Professional	Enterprise
Act-On	Not applicable	3	6
Eloqua	10	50	Unlimited
HubSpot	Unlimited	Unlimited	Unlimited
Pardot	Unlimited	Unlimited	Unlimited

THINGS TO CONSIDER

Subscription cost is only one piece of the puzzle when it comes to evaluating the TCO of a marketing automation solution. Support costs and personnel costs associated with implementing, integrating and training on the product also have a major impact. However, understanding that subscription costs cannot be taken at face value is critical. Low upfront cost does not always mean a solution will remain cost-effective throughout its lifetime, especially for companies positioned for rapid growth. Customers should consider their needs and which vendor is "lenient" where they need it most. Customers with a large database that requires fewer users might be a good fit for a solution like Act-On, for example, while customers with large marketing teams might be a better fit for a solution like HubSpot or Pardot.