

Growth, Marketing & Sales Practice

Rewiring martech: From cost center to growth engine

AI is giving leaders the chance for a “re-do” so marketing technology can finally realize its potential.

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It held so much potential. After exploding into organizations in 2011 through large marketing platforms, marketing technology (martech) promised to revolutionize marketing by enabling real-time personalization, automating complex workflows, and providing marketers with unprecedented visibility into customer behavior. Brands invested billions of dollars hoping it could transform marketing's ability to drive exponential business growth.

Yet for all the money spent and use cases tested, martech's promise remains largely unfulfilled. Most marketers are still in the early stages of maturity, applying technology to automating old processes and struggling to quantify ROI. The result is a widening gap between what martech can deliver and what it actually does.

With AI, marketers have a do-over. The technology has the potential to reimagine and surpass everything the first generation of martech promised.

But can organizations rise to the challenge this time? It takes more than tools. Companies need an innovative mindset, led by courageous C-suite leaders who push boundaries, to reimagine martech as an intelligent system that unifies the company around the desires of customers and their decision journeys. Developing this mindset and courage requires understanding the core challenges that continue to hold marketers back and what must change to unlock the next wave of growth. Ultimately, this demands more than just new capabilities—it demands talent empowered to lead, adapt, and unlock the full potential of martech.

What happened to martech?

Brands have invested billions of dollars in martech, chasing the promise that it will help transform marketing and drive exponential business growth. The martech market was worth \$131 billion in 2023 and is projected to increase at a CAGR of 13.3 percent to be valued at more \$215 billion by 2027—almost doubling in size in just five years.¹ The result has been an explosion of vendors and potential functionality (Exhibit 1).

Our research shows more than a quarter of marketing decision-makers expect spending on martech to continue to increase, by up to 25 percent in the next three to five years (Exhibit 2).² And some 90 percent of C-suite martech decision-makers believe having best-in-class tools can help them achieve strategic outcomes such as revenue growth, margin expansion, and increases in customer satisfaction and loyalty.³

Yet for all the money invested in martech and the potential use cases for it, even leading organizations still largely cling to outdated practices like batch-and-blast email campaigns, simple A/B testing, rules-based personalization, lead scoring, and scheduled social media posting. Most still struggle to clearly articulate or measure ROI, barely scratching the surface of what's possible and often failing to deliver meaningful business results at scale.

¹Cindy Liu et al., *Global martech software forecast, 2023 to 2027*, Forrester, January 2024; "Global martech spending will reach \$148 billion in 2024," blog entry by Cindy Liu, January 17, 2024.

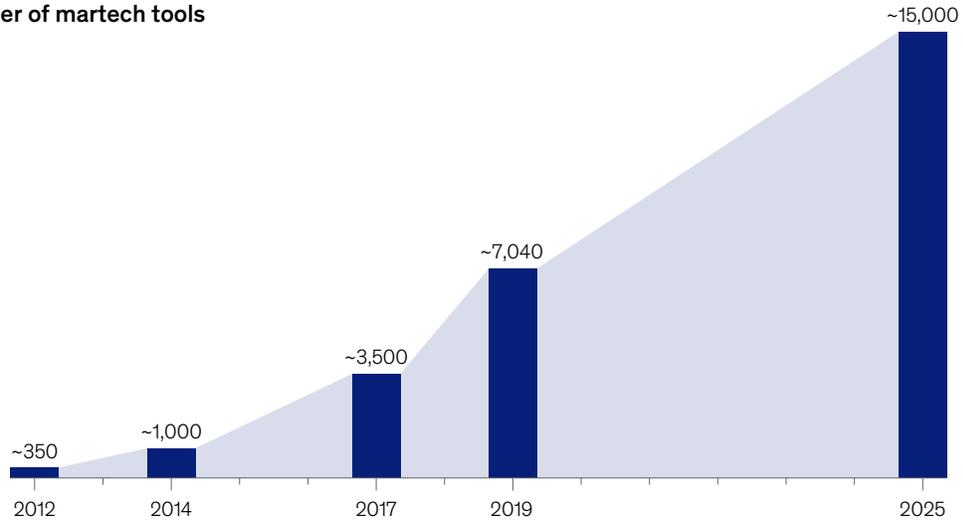
²McKinsey Martech Buyer and Decision-Maker Survey and interviews, 200+ F500 executives, 2025, n = 233.

³McKinsey Martech Buyer and Decision-Maker Survey and interviews, 200+ F500 executives, 2025, n = 233.

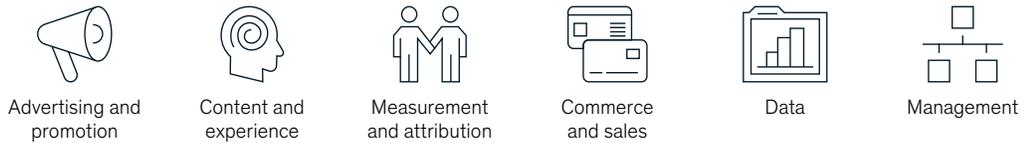
Exhibit 1

The number of martech tools and solutions have increased substantially in the past decade.

Number of martech tools



Primary use cases



Source: Scott Brinker, "2025 Marketing Technology Landscape Supergraphic: 100X growth since 2011, but now with AI...", Chiefmartec, May 2025

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Three archetypes of martech maturity

An organization's martech maturity is determined by its adoption and use of the tools and processes that enable more advanced marketing techniques. Our research identified three levels of martech maturity:

- **Developing.** Basic usage of technologies, such as siloed and batch executions, manual workflows, and disparate data sources

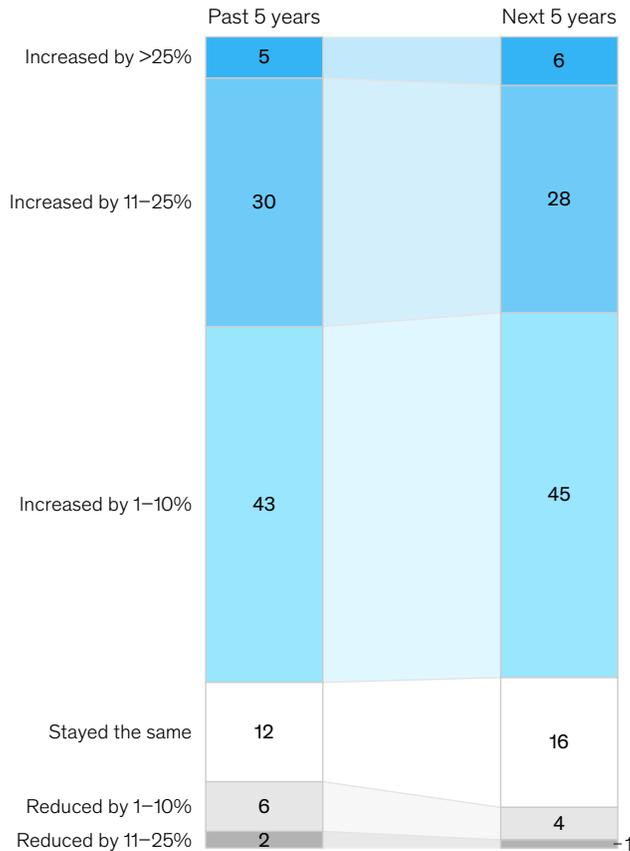
- **Operational.** Limited implementation of best practices, such as personalized channel execution, customer journey mapping, and limited automation

- **Transformational.** Usage of advanced and integrated capabilities including advanced omnichannel personalization, integrated data platforms, and automated workflows

Exhibit 2

As many as 80 percent of organizations will continue to increase their martech spend over next five years.

Change in annual spend in martech, past 5 years vs next 5 years, %



Note: Figures may not sum to 100%, because of rounding.

¹Question: How has your org’s annual martech solution spend (not including media) changed over the previous 3–5 years, and how do you expect it to change over the next 3–5 years?

Source: McKinsey Martech Buyer and Decision-Maker Survey and interviews, 2025 (n = 233)

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Some 65 percent of the B2C organizations we surveyed self-identified as “developing” and “operational” in their martech maturity (for definitions, see sidebar “Three archetypes of martech maturity”). However, when we conducted in-depth interviews with survey respondents, the proportion rating their maturity as “operational” dropped significantly. Many organizations were found to lack core enablers such as C-suite ownership and engagement, cross-channel integration, data governance, a focus on high-value use cases, the convergence of martech to empower adtech, and the ability to measure business impact from their investments. This gap between perception and reality suggests that while organizations are optimistic about their progress, many have yet to achieve true transformational maturity (Exhibit 3) (see sidebar “Three archetypes of martech maturity”).

Exhibit 3

Only about one-third of organizations have reached a transformational level of martech maturity.

Share of organizations by martech maturity level, %



Characteristics of organizations at different martech maturity levels

	Developing	Operational	Transformational
Buyer	Director-level stakeholder making business unit (BU) level purchases	VP (2 levels below CMO) responsible for multiple BU use cases; marketing or IT-led buys are both possible	SVP (1 level below CMO) in line with top-down enterprise data and marketing strategy set by C-Suite
Existing martech stack	Siloed use cases addressed by point solutions not leveraged to their full capacity	Martech point solutions with some fragmentation and gaps in stack (not realizing full potential)	Integrated tech often with reputed platforms; automated workflow and early adopters of AI
Data sophistication	No unified ID; fragmented identifiers: unclear on value-add of 3rd party data	Partial unification; email or phone as key, see value for business from 3rd party data	Data creators with fully unified ID; customer profile as key, often supplement data via various sources already
Channel strategy and segmentation	Limited, individual-channel ¹ campaigns with limited personalization	Multi-channel campaigns with micro-segmentation	Real-time, omnichannel engagement with dynamic 1:1 personalization
Digital maturity	Traditional/legacy organizations with limited digital capability/mindset	Organizations with a maturing capability on digital and tech	Digital-native or digital-forward organizations
Needs and wants from martech solutions	Targeted solutions addressing top-of-mind use cases fast; price-conscious; need tech implementation support; some also need ongoing managed service	Rising consideration for platform solutions as martech total cost of ownership play; considering premium features	Desire for sophisticated features; rely on large platforms to de-risk innovation, with best-of-breed point solutions to fill gaps

Note: Nonexhaustive – typical characteristics; exceptions may exist.
¹Depending on sector, may have mobile push in addition to email.
²Total cost of ownership.
 Source: McKinsey Martech Buyer and Decision-Maker Survey and interviews, 2025 (n = 233)

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Four fault lines that cripple martech today

After largely failing to realize the potential of the first generation of martech, AI presents an opportunity to fundamentally redefine the space. But that will require business, marketing, and tech leaders to avoid repeating the mistakes of the past.

Leadership will need to address the following four fundamental martech challenges.

Lack of executive sponsorship

Martech is often used in isolation with little support, ownership, or visibility from senior leadership or the broader enterprise. As a result, martech efforts tend to focus on narrow, rudimentary use cases rather than driving integrated, enterprise-wide customer value.

Compounding this issue, many CMOs lack a deep understanding of what's possible. Many push for larger media budgets because media spending is both familiar and its results more tangible. What they should be seeking is funding for martech technology, training, and use-case development, which would help elevate martech to the C-suite agenda (the fact martech is often in the IT budget doesn't help, as it reduces CMO ownership and accountability). True C-suite sponsorship means not only funding martech, but embedding it into the enterprise strategy—with clear governance, integration into core processes, and cross-functional ownership across IT, finance, and marketing. This requires an operating model that maintains central coordination and accountability, while giving business teams the autonomy to act quickly without being slowed by bureaucracy. Without executive ownership and cross-functional alignment, the technology remains underutilized, disconnected from business strategy, and seen as a support function rather than a growth engine.

This lack of support is exacerbated by marketing roles turning over more frequently than other senior leadership positions, and the regular emergence of even more roles that regularly touch customers (from chief digital officer to chief commercial officer to chief data officer). “Very few companies in our industry have figured out how to clearly delineate the responsibilities of marketing, ownership of the customer journey, and digital efforts,” the chief marketing and sales officer of a global automobile company told us.

Complexity corrupts customer connection

Most Fortune 500 organizations today have every tool they could ask for. For example, many organizations have an email tool that does personalization, plus a journey optimization tool, a customer decisioning platform, and a separate measurement platform. Our survey found that 47 percent of martech decision-makers cite stack complexity as well as system and data integration challenges as key blockers that prevent (or could prevent) them from getting value from their martech tools.⁴ Stack complexity and fragmented integration don't just slow execution: They also block the creation of a unified identity strategy, leaving marketers unable to build the dynamic customer graphs that fuel personalized engagement.

This fragmentation not only creates operational inefficiencies, but undermines the ability to orchestrate seamless, cross-channel customer journeys. In addition, martech stacks are often weighed down by a proliferation of legacy and new tools, many of which have overlapping functionality. Instead of rationalizing or sunseting older systems, organizations tend to layer on more software. Tool replacement and stack simplification efforts are repeatedly deprioritized because of the perceived one-time cost involved, migration complexity, and the cross-functional coordination required. And many organizations add technology but fail to empower marketers to take advantage of the new functionality, resulting in the automation of old processes rather than the development of new ways of communicating.

Martech is not measured like a growth engine

Many organizations today struggle to clearly articulate the return on their martech investments or how their stack drives measurable, incremental value. In fact, not one of the 50 or so senior marketing leaders we interviewed at Fortune 500 companies could clearly articulate the ROI of their organization's investment in martech and how it's driving value. Rather than tying outcomes to revenue growth, customer lifetime value, or strategic business goals, most marketing teams simply track operational metrics such as email sends and open rates, or campaign delivery metrics such as impressions delivered and reach.

⁴ McKinsey Martech Buyer and Decision-Maker Survey and interviews, 200+ F500 executives, 2025, n = 233.

The result of this gap between investment and business results—combined with the inability to measure real impact—is that martech leaders find their work dismissed as simply “a cost of doing business” rather than a growth engine. As such, martech is perceived as a one-time purchase rather than as evolving, enterprise-wide capabilities that require alignment, enablement, and executive sponsorship.

The technology has outpaced talent

The pace of change in marketing technology has far outpaced marketers’ own capabilities. Our survey found 34 percent of martech buyers and decision-makers cited under-skilled talent as a key hurdle to their organization getting value from technology.⁵ Martech is only useful when companies have the right talent and capabilities to make good use of it. Closing this capability gap through robust onboarding and ongoing training is critical to ensuring success.

Grasping martech’s AI opportunity

After largely failing to realize the potential of the first generation of martech, AI presents an opportunity to fundamentally redefine the space. The technology is challenging CMOs to deliver everything cheaper, faster, and better, from the ways that creative assets are developed to how campaigns are run and, fundamentally, what a campaign truly is.

AI can empower organizations to reimagine the nature of martech as an intelligent, adaptive system that learns, orchestrates, and personalizes in real time. It holds the promise of shifting the nature of today’s marketing operating model from campaigns taking more than six months to conceive and build to a world where brands respond rapidly to customers.

To capture this promise, marketing leaders need to focus on the following four critical areas.

Elevate martech to the C-suite to lead the next era of intelligent growth

The AI revolution provides marketing leaders with a rare second chance to generate big value from martech. Making that happen, however, requires companies to elevate martech from a collection of disparate tools to a strategic enterprise asset that is championed by the C-suite and embedded in the organization’s long-term vision.

When positioned this way, martech becomes a growth driver shaping the full customer experience. Used intelligently, it becomes a powerful lever for building loyalty, driving personalization, and securing lasting competitive advantage. But doing so requires bold changes to reset how martech is viewed, governed, and deployed across the enterprise. Three shifts in particular are needed:

- ***C-suite fluency in martech.*** Martech should be owned at the highest level, with the C-suite shaping strategy and guiding investment decisions in line with enterprise goals. Governance structures are critical to ensure every dollar is tied to ROI and long-term value creation. To play this role effectively, senior leaders need fluency in martech and a clear understanding of its implications in an AI-driven future.
- ***Strong data strategy.*** To raise the bar around understanding the customer and delivering top customer experiences, move from fragmented identifiers to a living, dynamic customer

⁵McKinsey Martech Buyer and Decision-Maker Survey and interviews, 200+ F500 executives, 2025, n = 233.

graph. This means building an enterprise-wide identity resolution capability that stitches together interactions across online and offline touchpoints, creating a continuously updated profile of each customer. Make owned data the core—but elevate its value with predictive intelligence, rather than just enriching with third-party attributes, apply advanced modeling, AI-driven propensity scoring, and lookalike generation to anticipate customer needs and behaviors.

- **Digital-first ways of working.** Embrace digital-first ways of working by dissolving silos and fostering deep collaboration between marketing, product, data science, and technology teams, all aligned around shared outcomes. At the same time, organizations must continually invest in talent and embed digital-first ways of working—through training, development, and performance metrics that reinforce agility, innovation, and customer impact.

From disconnected tools to intelligent systems: The new playbook

Realizing the power and potential of AI requires more than adding tools on top of tools. It demands a fundamental reimagining of martech strategy—one focused on simplification as much as innovation. Rather than treating marketing technology as a patchwork of disconnected platforms, organizations must envision it as an integrated marketing operating model: an intelligent, interconnected system designed for end-to-end journey orchestration.

This means not only shifting from channel-based execution toward deeply personalized, cross-functional customer experiences, but also rationalizing existing stacks. Leaders should prioritize streamlining their overlapping tools, sunseting legacy systems, and consolidating functionality into fewer, smarter platforms. AI-powered agents can accelerate this simplification by automating integration, surfacing redundancies, and intelligently coordinating workflows across systems.

By simplifying the stack with the support of AI, organizations not only remove complexity but also create the foundation for a more adaptive, intelligent marketing system—unlocking time and resources to focus on value creation. Incorporating AI into this leaner architecture involves understanding its role across the four critical layers: data, decisioning, design, and distribution.

Within the data layer, for example, separate agents can manage collection, cleansing, and integration, overseen by an orchestrating agent that ensures quality and seamless flow. The decisioning layer can deploy agents to test, optimize, and select the best actions, while the design layer uses agents to generate personalized creative, offers, and experiences. In the distribution layer, agents can manage real-time channel selection and media optimization. Across all of these, orchestrators coordinate specialized agents to deliver precision and efficiency.

A governing orchestration layer can oversee all four layers to realize the synergies across the entire martech stack. This interconnected system maximizes efficiency, agility, and effectiveness in driving marketing outcomes (Exhibit 4).

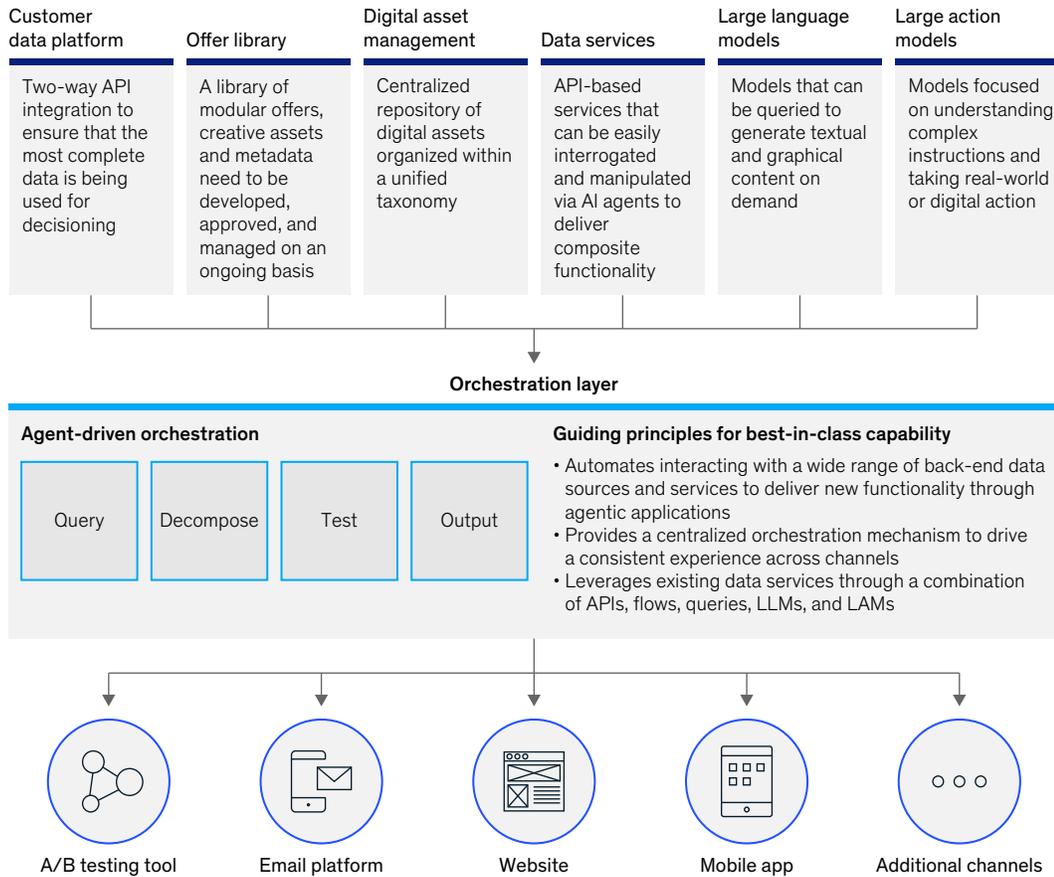
Stop counting clicks: How to measure martech ROI

Marketers need to start measuring the ROI of their investments in marketing technology. That process begins with a full understanding of the total cost of ownership (TCO) across the technology's life cycle—not just license or subscription fees, but the costs of integration, maintenance, and the people required to drive ongoing operations.

Exhibit 4

AI will drive major shifts in the martech stack including introducing an agentic orchestration layer.

How an Agentic AI orchestration layer optimizes the martech stack, illustrative



Source: McKinsey analysis

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Yet cost alone isn't enough. The challenge often lies in failing to connect martech investments—CRM platforms, personalization engines, content management systems, and analytics tools—directly to business outcomes. Estimating the value of martech requires measuring not only operational savings and productivity gains but incremental revenue generated from better personalization, faster speed to market, and improved customer experiences (see sidebar “Measuring the ROI of martech investments”).

When marketers link true cost with tangible outcomes, they can quantify ROI with credibility and start to instill confidence from the C-suite and ensuring that martech is seen not as a cost center, but a growth engine

Case study: Measuring the ROI of martech investments

One global apparel retailer adopted a holistic framework to ensure every investment was linked to revenue growth, consumer engagement, and operational efficiency.

The company built a measurement framework across three dimensions by:

- Quantifying revenue impact using controlled A/B testing and attribution models to isolate the effect of martech on sales and engagement, measuring conversion uplift, repeat purchases, and customer lifetime value.
- Tracking operating efficiency through time-and-motion studies, identifying cycle-time reductions and productivity gains as automation freed teams to focus on higher-value work.
- Calculating TCO by partnering with Finance and Procurement to assess platform licenses, vendor

contracts, integrations, and maintenance, balancing costs against savings from consolidation and reduced reliance on agencies.

To ensure the framework was adopted, the company introduced training to improve tool literacy, reinforced ROI insights through regular communication, and secured leadership alignment, with the CMO championing adoption and making ROI tracking part of the operating model.

The result was a unified framework transparently linking martech spend to business value across revenue, efficiency, and cost. Leadership gained confidence in scaling martech investments, and marketing technology was firmly established as a strategic growth lever rather than just an operational expense.

Solving the capability gap: Building the marketers of tomorrow

Technology alone does not create impact—real value comes when marketers have the skills and confidence to use it. Closing the capability gap requires treating the development of martech skills as a continuous journey rather than a one-time event. Organizations should invest in robust onboarding for new tools, supplemented with ongoing, modular learning that evolves alongside platform updates. AI can act as a true capability enabler by serving as a copilot: intelligent agents guide marketers in real time, automate repetitive tasks, and provide actionable insights, lowering the technical barrier while amplifying creativity and strategic focus. Coupled with strong change management and leadership incentives, this approach empowers marketers to embrace new functionality, unlock the full potential of the stack, and deliver adaptive, AI-driven customer experiences.

Unlocking the next era of growth in marketing will not come from layering more tools onto an already complex stack. It will come from reimagining the function itself—with AI at the center—so that marketing becomes faster, smarter, and more adaptive to customer needs in real time. The journey ahead is not about tinkering at the margins but about setting a bold North Star, redesigning processes from the ground up, and building new capabilities that bring human creativity and machine intelligence together (Exhibit 5).

Exhibit 5

Approach for reinventing martech with AI at the center.

- A Set the North Star**
 - Define critical business and marketing outcomes and priorities that will shape what the martech stack needs to be

- B Cleansheet the future state function**
 - Map future state for priority end-to-end processes that have highest potential to be improved by AI
 - Identify types of agents (and agent squads) that will complete the work in the workflow
 - Map the roles that remain human-led and what work they do

- C Road map and technology assessment**
 - Create detailed business, technical, and data requirements for AI workflows
 - Fast-track near-term use cases that can be deployed primarily by leveraging an off-the-shelf solution
 - Determine talent implications of agentic AI in marketing, including new skills needs and potential new roles

- D Build**
 - Create the foundation (end-to-end architecture, working agent prototype)
 - For each use case:
 - Rapidly build and deploy MVP for use cases
 - Drive user adoption and change management
 - Iterate and scale use case within the function

The AI era can allow organizations to redefine how they measure martech's impact around revenue generation, operational efficiency, and total cost of ownership. It can also get brands closer to the customer, empowering them through true personalization. This is marketing's second chance to deliver on the promise of martech—and it is a chance no company can afford to miss.

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