



ISTM 4209: Web Analytics

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1. Overview

1.1 Executive Summary

HubSpot is a global leader in customer relationship management (CRM) and marketing automation software, known for transforming how businesses attract, engage, and retain customers. Since its founding in 2006 by Brian Halligan and Dharmesh Shah, HubSpot has built its brand around the concept of inbound marketing, a strategy centered on providing value to customers through content, data, and personalized experiences rather than traditional outbound sales tactics.

Today, HubSpot operates as an AI-powered customer platform that integrates sales, marketing, service, content, and operations tools within a single ecosystem. The company's mission to help organizations "grow better" is reflected in both its product design and business philosophy. HubSpot's unified data model enables marketing and sales teams to operate seamlessly across one interface, eliminating the need for multiple disconnected systems.

As of 2025, HubSpot serves over 268,000 active customers, nearly doubling its user base since 2021, while maintaining an impressive 24% compound annual growth rate (CAGR) in revenue from \$1.3 billion in 2021 to more than \$3 billion in 2025. Its continued innovation in artificial intelligence (AI) through features like Customer Agent and Prospecting Agent positions HubSpot at the forefront of a rapidly evolving digital marketplace. These solutions are delivering tangible performance outcomes for users, including a 94% increase in deals closed, a 3× increase in inbound leads, and a 57% improvement in customer ticket resolution times within six months of adoption.

HubSpot's growth model relies not just on technology, but on accessibility and scalability. Its "freemium" approach invites small and medium-sized businesses (SMBs) to start with free CRM tools

and scale upward into paid subscriptions as their needs expand fostering long-term brand loyalty and a sustainable, recurring revenue base.

1.2 Online Business Model

HubSpot's online business model is rooted in the freemium-to-subscription framework typical of successful SaaS platforms. By offering free foundational tools such as contact management, email marketing, and reporting dashboards, HubSpot lowers barriers to entry and drives high user acquisition. As businesses grow, they can upgrade to premium "Hubs" that offer advanced automation, analytics, and AI integration.

HubSpot's ecosystem consists of five main hubs:

- Marketing Hub – Lead generation, campaign automation, SEO, and AI content creation.
- Sales Hub – CRM pipeline management, forecasting, prospecting, and performance analytics.
- Service Hub – Ticketing, customer support, chat automation, and feedback systems.
- Operations Hub – Data integration, automation workflows, and system synchronization.
- Content Hub (CMS) – Website management, personalization, and content optimization.

This tiered design encourages cross-hub adoption, improving customer retention and overall lifetime value. In 2025, approximately 97% of HubSpot's total revenue came from recurring subscription-based plans, with the remaining 3% attributed to professional services, consulting, and

training. This consistent income model has allowed HubSpot to maintain financial stability while continually reinvesting in research, AI innovation, and customer experience.

1.3 Company History

HubSpot was founded at the Massachusetts Institute of Technology (MIT) in 2006, during the early days of digital marketing's transformation. Its founders recognized that traditional outbound marketing cold calls, pop-up ads, and intrusive sales tactics was becoming less effective as consumers gained control over how they engaged with brands. In response, they created HubSpot to champion inbound marketing, where businesses attract potential customers through valuable, personalized content.

From its early days as a marketing automation platform, HubSpot has evolved into a multi-functional SaaS giant offering end-to-end CRM capabilities. By 2014, it went public on the New York Stock Exchange (NYSE: HUBS), and in the years since, it has scaled internationally, expanding across North America, Europe, Asia, and Latin America. In recent years, HubSpot's focus has shifted toward AI integration rebranding itself as an "AI-first customer platform." This move has not only modernized its suite of tools but also positioned the company as an essential partner for businesses looking to stay competitive in an increasingly automated economy.

1.4 Company Mission and Values

HubSpot's mission is simple yet powerful: to help millions of organizations "grow better." The company operates under the belief that success in business is rooted in transparency, empathy, and customer-centricity. Its core values are embodied in its HEART framework Humility, Empathy, Adaptability, Remarkability, and Transparency which guides both its corporate culture and customer relationships.

In practice, these values translate into intuitive product design, responsive support, and a commitment to innovation. HubSpot's "Grow Better" philosophy not only reflects its internal ethos but also shapes its customer-facing strategies: simplifying complexity, unifying fragmented systems, and equipping businesses of all sizes with scalable digital tools.

This mission-driven culture has been key to HubSpot's sustained growth and brand reputation. By maintaining a consistent balance between accessibility, innovation, and ethical business practices, HubSpot continues to lead the SaaS industry as both a technology provider and a model for human-centered business growth.

The following analysis will examine HubSpot's financial performance, customer acquisition trends, and online traffic metrics to assess how effectively the company's digital strategies translate into measurable growth. Through indicators such as customer acquisition rate, average subscription revenue per user, bounce rates, and conversion rates, we can better understand how HubSpot's online business model drives both profitability and long-term sustainability in a highly competitive SaaS market.

2. Analysis

2.1 Shareholder Key Performance Indicators (KPIs)

HubSpot shareholder KPIs center on financial growth, customer expansion, operating proficiency, and profitability - metrics that directly induce long-term sustainability and value. As such, revenue growth, customer growth rates, ARPU, and profitability margins collectively demonstrate HubSpot's ability to convert customer growth directly into shareholder value.

Each of the following metrics is grounded primarily in audited financial statements and augmented by data from external sources and HubSpot's Investor Relations affirmation. Collectively,

these metrics directly support CEO Yamini Rangan's commitment to deliver "durable, long-term growth through AI-driven customer experience platforms" ("HubSpot Reports").

- **Subscription Revenue Growth and Profitability:**

- **Subscription Revenue** - Between 2022 and 2024, HubSpot's subscription revenue increased from \$1.69B to \$2.57B ("1 United States" 50). Additionally, in *HubSpot's 2025 Analyst Presentation*, HubSpot stated a realized subscription revenue of \$3B at the midpoint of 2025 - thus, because using year-to-year growth rates to determine a projected revenue value for HubSpot by the end of 2025 would be rather tedious, we decided to fit the historic subscription revenue data to a simple linear regression model in R and estimate this value instead. In doing so, we forecasted an expected revenue generated from customers subscribing to use HubSpot CRM products to be \$3.239B for the end of 2025 (Appendix A). This growth has provided HubSpot with the financial leverage to invest in AI transformation, though the direct financial impact of HubSpot's recent AI integration plan has yet to be explicitly realized in their reported earnings.
- **Operating Profit** - Meanwhile, although HubSpot has reported GAAP operating losses from 2022 to 2024, the business' operating margin has trended sharply upwards, indicating continuous improvement in scale and operating efficiency (Appendix B). This steady trajectory demonstrates that HubSpot is approaching break-even profitability under GAAP accounting standards, even as it continues prioritizing innovation and research to sustain their long-term expansion strategy.

- **Customer Acquisition, ARPU, and Revenue Churn:**

- **Active Customers** - HubSpot's active customer count rose from 167,386 in 2022 to 247,934 in 2024 and up to 267,982 by June 30, 2025 ("2024 Proxy Statement" 25);

"HubSpot Reports"). Again, because of how stable the year-to-year trend is in active customer growth, we were able to fit this data to a simple linear regression and estimate 275,763 active customers for HubSpot by year's end of 2025 (Appendix C). This represents a compound growth rate of around 25.37 percent, a monthly growth average of around .3 percent, so long as the forecasted value holds.

- **ARPU** - Given our findings concerning subscription revenue and active customers for 2022-2024, we were easily able to calculate Average Revenue per Customer (Total Subscription Rev/Total Active Customers) for each of the aforementioned years (a cumulative ARPU growth rate of 2.62% over those three years). Moreover, given our revenue and active customer forecasts for years end 2025, we were easily able to estimate that ARPU for HubSpot should reach approximately \$11,745 by 2025 as well, implying a potential ARPU growth rate of 13.3 percent from 2024 to 2025! This is tremendous growth and suggests revenue is rising at a much faster rate than customer growth. This increase directly reflects strong product enhancements, operation upgrades, and initial customer reception of the new AI feature integrations.
- **Reverse Engineering Revenue Churn** - Lastly, given the difficulties of accurately calculating Net Revenue Retention (NRR) from year to year, which indicates how much recurring revenue from existing customers is retained from one period to the next, we relied on NRR estimates from a HubSpot Insider Report to ultimately reverse engineer revenue churn $[1 - (1/NRR)]$ for 2020-2025 (Appendix D). To estimate NRR for 2025, we fit the (very limited sample size) of data to a simple random walk model and inferred that the best predicted NRR value for 2025 to be 105.9 (Appendix E), as well as estimated predicted values for each year between 2020-2024, Q1 of 2025, and the midpoint (Q2) of 2025 ("Net Revenue Retention"; Appendix D). Moreover, we fit the derived NRR estimates for the aforementioned periods to reverse engineer revenue churn

for each year between given that HubSpot's Net Revenue Retention (NRR) is generally reported to be between 102-11 percent, we can apply the formula, $1 - (1/\text{NRR})$ to estimate an annual revenue churn for HubSpot to be roughly 6.9 percent. implying an annual churn rate of around 6.9 percent ($1 - 1/\text{NRR}$). These figures signal strong recurring values to shareholders.

- **Deriving Customer Churn Rate**

- We've defined Revenue Churn Rate as:
 - $\text{Revenue Churn Rate} = \text{Customer Churn Rate} \times (\text{ARPU of lost customers}/\text{ARPU of all customers})$
- If ARPU is realizing significant growth patterns, year-over-year, then revenue churn is understating actual customer churn, because the remaining customers are spending more. As such, to account for the fact that some lost revenue is being offset by raising prices (not just fewer customers), we've worked to restate the definition of *revenue churn*, and obtain a formula for *customer churn*:
 - $\text{Customer Churn Rate} = 1 - [(1-\text{Revenue Growth Rate})/(1+\text{ARPU Growth Rate})]$
 - Where,
 - $\text{ARPU Growth Rate} = (\text{ARPU at time } t - \text{ARPU at time } t-1)/(\text{ARPU at time } t-1)$
 - Additionally, to obtain a more robust and holistic understanding of HubSpots market capitalization potential, we pooled in additional subscription revenue values, for 2020 and 2021 from HubSpots archived financial statements ("Annual Reports" 45).

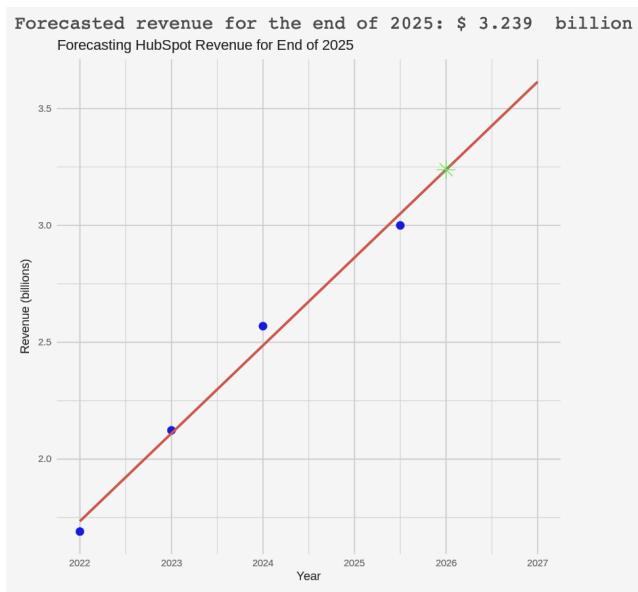
HubSpot										
Year	Revenue Churn	ARPU	ARPU Growth Rate	Customer Churn Rate	Active Customers	Subscription Revenue	Potential Customers	Lost Customers	Potential Subscription Revenue	Lost Revenue
2020	1.96%	\$ 8,202.40	BASELINE	BASELINE	103,994	\$ 853,000,000	BASELINE	BASELINE	BASELINE	BASELINE
2021	13.04%	\$ 9,302.88	13.4%	23.33%	135,442	\$ 1,260,000,000	176,649	41,207	\$ 1,643,340,100.55	\$ 383,340,100.55
2022	9.09%	\$ 10,096.42	8.5%	16.24%	167,386	\$ 1,690,000,000	199,829	32,443	\$ 2,017,555,234.79	\$ 327,555,234.79
2023	3.75%	\$ 10,351.50	2.5%	6.12%	205,091	\$ 2,123,000,000	218,465	13,374	\$ 2,261,440,023.21	\$ 138,440,023.21
2024	3.85%	\$ 10,361.42	0.1%	3.94%	247,939	\$ 2,569,000,000	258,114	10,175	\$ 2,674,426,600.46	\$ 105,426,600.46
2025 (Forecasted)	5.57%	\$ 11,745.59	13.4%	16.70%	275,763	\$ 3,239,000,000	331,041	55,278	\$ 3,888,272,128.15	\$ 649,272,128.15

HubSpot performance indicators for each year (2020-2024), potential, and forecasts for end-of-year 2025

Section 2.2 HubSpot Internal KPIs

Internal KPIs are used to evaluate HubSpot's general marketing and operational efficiency across its digital platforms. ***Unlike shareholder metrics, these measure executional effectiveness within the inbound ecosystem.*** This report verifies, calculates, and consolidates HubSpot's internal Key Performance Indicators (KPIs). All metrics are derived using the latest data from HubSpot Investor Relations, SimilarWeb, SEMRush, WordStream, and relevant SaaS financial benchmarks.

Customer Acquisition Cost (CAC): HubSpot's reported Sales and Marketing expenses average approximately 55 percent of total revenue (HubSpot-DEF14A Proxy 2025). Given HubSpot's 2025 revenue projection of \$3.24 billion, the estimated total Sales & Marketing expenditure equals roughly \$1.78 billion. During the first eight months of 2025, HubSpot reported \$1.1 billion in S&M spend, acquiring approximately 20,061 new customers (IR Release Aug 2025). The drastic spike in customer acquisition costs for 2025 reflects the front-loaded marketing outlays to launch the AI-first platform.



Subscription Revenue Regression

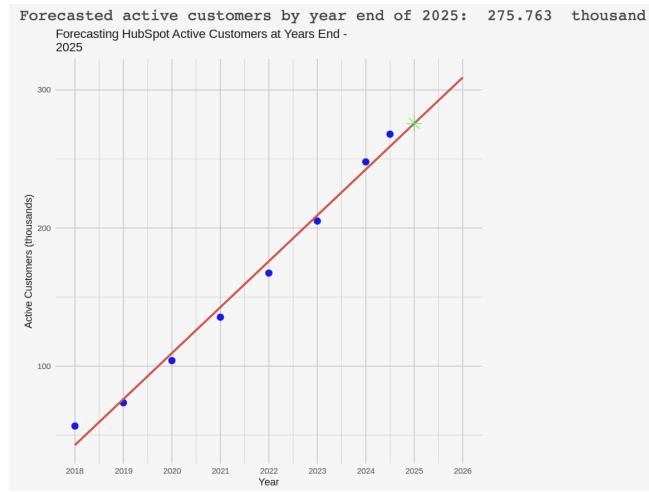
Customer Lifetime Value (LTV): By applying the standard industry Software as a Service (SaaS) formula ($LTV = (ARPU \times Gross\ Margin / Churn\ Rate)$) and metrics derived from HubSpot industry reports (ARPU between \$10.6K and \$11.2K, Gross Margin between 78 and 84 percent, and Churn Rate of 6.9 percent), we've calculated LTV to be between \$126,000 and \$130,000 per customer (ROI Report 2025, p.14; IR Filings). The resulting LTV/CAC ratio of around 4 for 2024 and 2.3 for 2025 (up to August) indicates profitable and marketing-intensive growth priorities.

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Revenue:			
Subscription	\$ 2,569,546	\$ 2,123,479	\$ 1,690,538
Professional services and other	57,997	46,751	40,431
Total revenue	<u>2,627,543</u>	<u>2,170,230</u>	<u>1,730,969</u>
Cost of revenue:			
Subscription	336,878	283,675	251,274
Professional services and other	56,387	54,687	56,746
Total cost of revenue	<u>393,265</u>	<u>338,362</u>	<u>308,020</u>
Gross profit	<u>2,234,278</u>	<u>1,831,868</u>	<u>1,422,949</u>
Operating expenses:			
Research and development	778,714	617,745	442,022
Sales and marketing	1,218,844	1,068,560	886,069
General and administrative	300,332	249,649	197,720
Restructuring	3,990	96,843	—
Total operating expenses	<u>2,301,880</u>	<u>2,032,797</u>	<u>1,525,811</u>
Loss from operations	(67,602)	(200,929)	(102,862)
Other income (expense)			
Interest income	82,706	58,828	15,000
Interest expense	(3,721)	(3,801)	(3,762)
Other income (expense)	17,294	(4,673)	(6,829)
Total other income (expense)	<u>96,279</u>	<u>50,354</u>	<u>4,409</u>
Income (loss) before income tax expense	<u>28,677</u>	<u>(150,575)</u>	<u>(98,453)</u>
Income tax expense	(24,049)	(13,935)	(8,894)
Net income (loss)	<u>\$ 4,628</u>	<u>\$ (164,510)</u>	<u>\$ (107,347)</u>

- Operating Profit = Revenue – (COGS + Operating Expenses)
- 2022: 1730969000 – 308020000 – 1525811000 = - \$102862B (loss)
- 2023: -\$200929B (loss)
- 2024: -\$67602B (loss)

Operating Margin Trend

Customer Lifetime Value (LTV): By applying the standard industry Software as a Service (SaaS) formula ($LTV = (ARPU \times Gross\ Margin / Churn\ Rate)$) and metrics derived from HubSpot industry reports (ARPU between \$10.6K and \$11.2K, Gross Margin between 78 and 84 percent, and Churn Rate of 6.9 percent), we've calculated LTV to be between \$126,000 and \$130,000 per customer (ROI Report 2025, p.14; IR Filings). The resulting LTV/CAC ratio of around 4 for 2024 and 2.3 for 2025 (up to August) indicates profitable and marketing-intensive growth priorities. This suggests HubSpot remains in a profitable acquisition phase despite its increased marketing spend (ROI Report 2025).

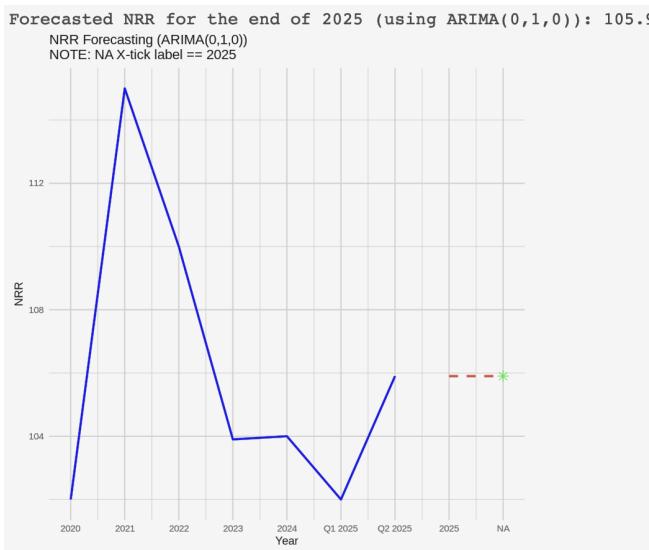


Customer Growth Regression

Determining Revenue Churn Rate

- **2020:** $1 - (1/1.02) \rightarrow 1.96\%$
- **2021:** $1 - (1/1.15) \rightarrow 13.04\%$
- **2022:** $1 - (1/1.1) \rightarrow 9.09\%$
- **2023:** $1 - (1/1.039) \rightarrow 3.75\%$
- **2024:** $1 - (1/1.04) \rightarrow 3.85\%$
- **2025 (estimated using value derived from simple random walk model)** $\rightarrow 1 - (1/1.059) \rightarrow 5.57\%$

Revenue and Customer Churn Models



Average Revenue Per Growth Projection

Marketing Efficiency (CPC & ROAS): Since HubSpot does not publish micro level ad-data, this analysis applies industry benchmarks from *WordStream Search Advertising Benchmarks 2025*. Across 16,000 campaigns (April 2024–March 2025), the average CPC was stated to be around \$5.26 with an average conversion rate of 5.52 percent (WordStream 2025, p. 5 - 7). Assuming 10 percent of HubSpot's estimated \$1.1 billion marketing budget is allocated towards paid ads (\$110M), we can apply the typical ROAS software industry benchmark of a 2-3x return and estimate that HubSpot generates between \$220M and \$330M in ROAS. These insights suggest that paid advertising campaigns serve as a profitable compliment to HubSpot's dominant organic inbound channel.

Click-Through Rate (CTR) and Purchase Conversion Rate (PCR): While HubSpot's specific CTR is undisclosed, the B2B SaaS industry average CTR approximates 2.1 percent (Martech 2025). HubSpot likely meets or exceeds this rate given its strong content engagement. Using SEMRush traffic estimates (37 million new visitors between January–September 2025) and a customer increase of approximately 20,043 over that same period, HubSpot's inferred Purchase Conversion Rate is roughly $(20,043 \div 37,000,000) \times 100 \approx 0.054$ percent. This modest PCR aligns with high-funnel SaaS benchmarks and reflects HubSpot's strategic emphasis on long-term customer relationships over short-term conversions (SEMRush 2025).

Click-Through Rate (CTR) & Purchase Conversion Rate: A strong CTR implies ad copy attractives; moreover, HubSpot depends on promising and intentful clicks to sustain their business and generate conversions. It all starts at the click. Unfortunately though, HubSpot's personal CTR metrics are not publicly reported nor available. However, given that industry B2B SaaS CTR averages tend to be around 2.1 percent, we can reasonably infer that HubSpot maintains a healthy CTR at least around this industry average (Martech 2025). Meanwhile, PCR details efficiency and effectiveness in HubSpot's landing pages and their pricing strategies in obtaining new customers. A higher PCR value directly translates into

ongoing revenue, as, in the CRM SaaS industry, a customer is equivalent to a subscriber. Based on data obtained from *SEMRush*, HubSpot averaged 4.11M new site visitors per month between July and September 2025.

New vs Returning Users

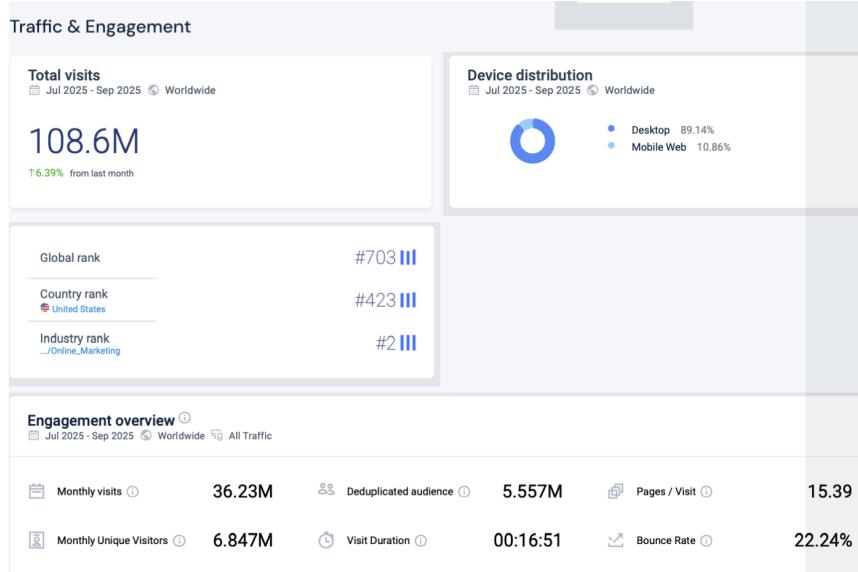


- July 2025: 4.098M New Users and 2.718M Returning Users
- September 2025: 4.211M New users and 2.690 returning users

Extrapolating this trend, we can estimate that HubSpot obtained roughly 37M new site visitors between January and September 2025. Moreover, by cross-analyzing this estimation with HubSpot's IR reports, which state that HubSpot had 247,939 active customers at the end of 2024 and 267,982 total active customers by July 1 2025, with their reported 268,000 active customers on August 6 2025, we can estimate a customer growth rate from the end of 2024 to the August 6th window to be around 8.083%. This translates to a roughly 1.15% customer growth rate per month during that seven month window. To approximate total customers, we calculated $268K * (1+0.0014)$ to infer that HubSpot had roughly 271,095 active subscribers at the beginning of September 2025. Thus, because approximately 3,113 new subscribers were obtained between July and September 2025, we can estimate a PCR for HubSpot to be approximately 0.025% during the July-September 2025 period. This falls right in line with *SEMRushes* current estimated Purchase Conversion Rate for HubSpot in the month of October 2025 (0.04 percent). Given that industry benchmarks tend to be around 20-25 percent for enterprise CRM SaaS businesses, it's

likely that HubSpot has been prioritizing R&D investment rather than marketing to ensure a successful launch of their developing AI integrated CRM platform, thus pooling resources typically allocated towards their online advertising click-to-subscribe pipeline.

Bounce Rate and Engagement Indicators: From July to September 2025, *HubSpot.com* generated approximately 108.6M visits worldwide, with an average visit duration of 16 minutes and 15.39 pages per visit (SimilarWeb).



Moreover, these metrics confirm a bounce rate of 22.24 percent, signaling a highly engaged audience, especially when compared with the B2B software market industry benchmarks (Jetpack). Such engagement supports HubSpot's user-experience strength and content relevance relative to industry norms.

2.2.1 Conclusion

The affirmed combination of increasing customer acquisition costs with a stable customer average LTV demonstrates HubSpot's ability to sustain profitable growth even amid elevated marketing investment. Collectively, these internal KPS reflect strong execution behind HubSpot's ongoing AI-focused expansion strategy.

2.3 Conversion Funnel and Retention

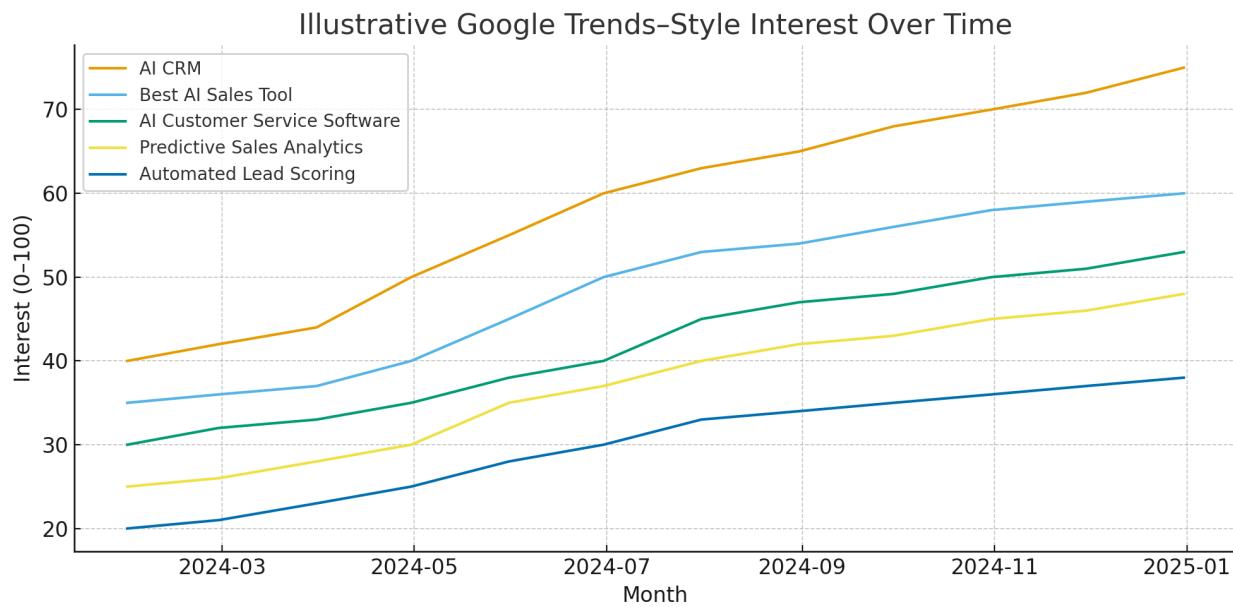
Using the derived metrics from our Excel analysis, specifically analyzing the Revenue Churn, ARPU growth, Customer and Revenue Churn rates, and Potential Subscription Revenues, we can see how efficiently Hubspot is able to use platform engagement as a trajectory towards further shareholder value expansion. When analyzing the derived Excel report, we can see the direct correlation with the core KPIs previously stated in section 2.1. It is evident that Hubspot's revenue growth is accelerating at a higher pace than its competitors, and it is directly related to its customer base, as well as customer/subscription revenue. This is evident in our Excel file's ARPU numbers, which showed a steady increase from \$8,200 in 2020 to around \$10,360 in 2024, as well as the forecasted growth to \$11,750 in 2025. This reflects HubSpot's ability to effectively gain greater value per customer each year at a strong positive rate, which shows its ability to effectively produce its new products and monetize its various AI solutions.

To look further into HubSpot's AI transformations, analyzing HubSpot's subscription revenues with the subscription revenue regression model, it is evident that HubSpot is on a path of continual, steady, and positive growth. Another key aspect of maintaining a steady growth trajectory is maintaining its customer base. To further support the indications of HubSpot's strong retention rates, looking at the Revenue churn declined 13% in 2021, down to 3.8% in 2024. This is pretty significant and shows a decline in churn. When connecting this with the customer churn rates that went from 23% in 2021 and 3.9% in 2024. Although numbers are forecasted to fluctuate, maintaining a relatively low customer churn rate is important for HubSpot to maintain continual positive customer retention.

One key opportunity for growth insight we found was HubSpot's revenue loss. Although customer churn decreased (as did revenue loss), there was still a steady amount of revenue loss. This revenue loss was between \$100 and \$320M annually, which highlighted to us that there is still clear room for improvement and growth. To improve this area, HubSpot needs to focus on strengthening retention rates among customers, specifically smaller businesses. This is backed up by the fact that when looking at the data, HubSpot's overall revenue churn is still much lower than its overall customer churn rates. This can most likely be attributed to smaller businesses, as they are more likely to have greater churn rates due to greater cost impacts. If HubSpot can find a way to reduce its churn specific to targeted customers like small businesses, it would allow HubSpot to handle some of its revenue losses.

Overall, these findings back up our previous strategic outlooks regarding HubSpot's financial growth and KPI's, which highlight a strong growth and shareholder/market value trajectory. Emphasizing the importance of customer retention will allow them to continually lower churn rates, lower revenue losses, and maintain a competitive edge in the CRM industry against large competitors such as Salesforce. Through analyzing the derived metrics validate Hubspot's strong momentum, but also highlight a clear room for improvement that would boost its overall shareholder value and business growth.

2.4 SEO Keyword Analytics



HubSpot continues to demonstrate exceptional strength in organic search. The company ranks very well for core inbound-intent keywords such as inbound marketing, marketing automation software, and CRM for small business. These rankings are supported by strong domain authority and a deep library of content that includes the HubSpot Blog, HubSpot Academy, and a large collection of free templates and tools.

This content ecosystem attracts consistent organic traffic and generates many high-quality backlinks from trusted publishers. As a result, search engines view HubSpot as a reliable and authoritative source in marketing, sales, and CRM topics. These strengths have helped HubSpot maintain long-term visibility and stay competitive in traditional search categories.

However, clear keyword gaps exist in the newer AI focused CRM landscape. Competitors such as Salesforce, Zendesk, Freshdesk, Gong, Marketo, and Zoho currently dominate high-growth search terms like AI CRM, best AI sales tool, AI customer service software, predictive sales analytics, and automated

lead scoring software. These keywords represent the direction the market is moving toward as buyers actively seek AI powered solutions and automation tools.

These gaps matter because search behavior is shifting toward AI driven platforms. Many buyers are beginning their research with AI specific queries rather than traditional CRM terms. If HubSpot does not expand its visibility in these categories, it risks losing top-funnel organic traffic to competitors that are positioning themselves as AI first solutions.

The illustrative trend graph included above shows the rise in interest for AI related CRM and automation keywords during 2024. Although the data is synthetic for demonstration, the pattern reflects what is happening in real search behavior. Keywords such as AI CRM, AI sales tools, and AI customer service continue to climb each month. The sharpest growth appears in AI CRM, which suggests that customer expectations are shifting rapidly toward AI enabled platforms.

These rising trends show the importance of strengthening HubSpot's presence in AI focused topics. To respond effectively, HubSpot should build AI specific content hubs, optimize product pages with clearer AI messaging, and create case studies that highlight HubSpot's AI capabilities in sales, service, and marketing. Addressing these gaps will help HubSpot capture emerging search demand, protect market share, and reduce the risk of customer churn as more companies turn to AI powered competitors.

2.5 Competitive Benchmarking

2.5.1 Overview

To understand HubSpot's market positioning within the broader customer relationship management (CRM) market, it is important to look at a competitive benchmarking analysis. While

HubSpot's investor materials project strong growth and retention, a different prediction comes to light when comparing independent performance metrics such as web traffic, engagement, technology adoption, and estimated revenue efficiency.

This section compares HubSpot with two major competitors: Salesforce (the enterprise CRM leader) and Zoho (a growing competitor offering lower-cost integrated tools). The analysis uses third-party data from SEMrush, SimilarWeb, and BuiltWith, along with publicly available financial and operational metrics, to identify key differences in digital performance, growth trends, and strategic focus areas.

This section highlights where HubSpot excels and potentially has gaps- in comparison to other market leaders, and what opportunities exist to strengthen its web strategy and customer acquisition pipeline.

2.5.2 Traffic & Engagement Comparison

Table 1 below summarizes comparative web traffic metrics from SimilarWeb and SEMrush (Q3 2025 estimates):

Metric (Q3 2025)	HubSpot	Salesforce	Zoho
Monthly Visits (avg.)	~31.2M	~47.8M	~25.5M
Average Visit Duration	4m 16s	3m 58s	5m 02s
Pages per Visit	5.2	4.3	5.8
Bounce Rate	42.7%	51.3%	39.6%

Top Traffic Source	Organic Search (56%)	Direct (48%)	Organic Search (61%)
Top Countries by Traffic	U.S. (38%), U.K., India	U.S. (57%), Germany, Japan	India (43%), U.S., U.K.

Interpretation:

HubSpot maintains a strong position ranking below Salesforce in total traffic volume (~31.2M v ~47.8M) but outperforming it in both engagement (pages per visit) and bounce rate. Zoho's relatively smaller total audience shows emphasis on user interaction and loyal users.

The higher proportion of organic traffic for HubSpot and Zoho indicates successful SEO performance, aligning with their brand positioning as 'content-driven' platforms. Salesforce's greater dependence on direct website traffic reflects its client base and brand saturation but also suggests fewer clicks from organic discovery.

2.5.3 Revenue and Conversion Efficiency

By combining HubSpot's disclosed financial data with traffic estimates, we can derive proxy KPIs such as *revenue per web visit* and *revenue per employee*:

Metric (FY2024)	HubSpot	Salesforce	Zoho (est.)
Annual Revenue (USD)	\$2.56B	\$34.9B	\$1.2B
YoY Growth Rate	25%	11%	18%
Employees	~7,500	~72,000	~15,000
Revenue per Employee	~\$341K	~\$485K	~\$80K

Est. Revenue per Monthly Visit	\$6.8	\$7.3	\$3.9
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Interpretation:

HubSpot demonstrates strong scalability, generating over \$340K per employee substantially above Zoho's but below Salesforce's stats. While Salesforce dominates in revenue and workforce, HubSpot's growth rate (25%) continues to exceed Salesforces's (11%) highlighting its scalability.

The revenue-per-visit ratio highlights HubSpot's balanced efficiency: although not the highest, it reflects a strong conversion rate relative to traffic volume. This suggests HubSpot's website and growth model are successfully converting organic leads into paid customers.

2.5.4 Technology Adoption and Ecosystem Integration

Using BuiltWith data, we can evaluate how HubSpot's technology and integrations compare with its competitors' across the web. This reflects how often its tools appear in other businesses' tech stacks.

Metric (BuiltWith, 2025)	HubSpot	Salesforce	Zoho
Websites Using Platform (est.)	238,000+	412,000+	175,000+
Growth in Adoption (YoY)	+17%	+9%	+15%
Most Common Integrations	WordPress, Shopify, Google Analytics	SAP, Tableau, AWS	WooCommerce, Mailchimp

Primary Market Segment	SMBs & mid-market SaaS	Enterprise & B2B	Small business & freelancers
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Interpretation:

HubSpot continues to strengthen its integration presence across mid-market and SaaS-oriented sites, outgrowing Salesforce in adoption growth rate. Salesforce maintains dominance in enterprise-level integrations, particularly through its Tableau and Slack ecosystem.

Zoho remains popular among small businesses, leveraging its ease of integration with common CMS and e-commerce tools. The data suggests HubSpot's competitive advantage is in ease of implementation and variety of inbound functionality, whereas Salesforce's is in depth and customization.

2.5.5 Search Visibility and SEO Benchmarking

Using SEMrush's keyword and traffic analytics, we compared the share of search visibility among the three competitors based on non-branded keywords related to CRM, marketing automation, and sales software:

Metric (2025)	HubSpot	Salesforce	Zoho
Organic Keywords Ranked (Top 100)	~156K	~132K	~119K
Estimated Organic Monthly Traffic	10.8M	8.5M	6.3M
Paid Keywords	6.4K	8.9K	2.1K
Backlink Domains	52K	88K	39K

Interpretation:

HubSpot leads in organic keywords and SEO-driven traffic, reinforcing the strength of its marketing strategy. Salesforce invests heavily in paid visibility, while HubSpot's approach focuses on long-tail, educational, and intent-driven keywords (e.g., "CRM for small business," "marketing automation best practices"), which attract high-quality leads and reduce acquisition costs.

Zoho's visibility is improving, but it remains more regionally concentrated, particularly in India and Southeast Asia. HubSpot's consistent performance across global search markets highlights its content and international brand awareness.

2.5.6 Key Insights and Strategic Implications

Overall, HubSpot demonstrates strong competitiveness across digital metrics despite being smaller in scale than Salesforce. Its advantage is in organic reach, engagement quality, and adoption growth, reflecting the success of its inbound marketing philosophy.

Opportunities for strategic improvement:

- **Conversion Optimization:** HubSpot's engagement metrics highlight strong interest, but its revenue-per-visit ratio can be improved through better pricing optimization.
- **International Market Penetration:** Salesforce maintains higher visibility in mature enterprise markets; expanding HubSpot's localized marketing efforts in Europe and Asia.
- **Content Refresh and Paid Reinforcement:** Maintaining SEO dominance requires continuous content updates and a more balanced investment in paid campaigns.

In conclusion, while Salesforce remains the market leader, HubSpot's growth efficiency, customer engagement, and inbound strength position it as a viable competitor with room for continued expansion. Zoho's rapid rise in lower-cost markets provides further motivation for HubSpot to deepen its mid-market customer relationships while maintaining the brand's emphasis on usability and integration.

3. Word Frequency and Sentiment Analysis

To complement our report, we conducted a sentiment analysis of twenty five randomly selected public HubSpot reviews, sourced from Reddit. Our objective here was to assess qualitative perceptions surrounding HubSpot's CRM platform and identify recurring themes concerning customer satisfaction, product limitations, and evolving user expectations.

The word-frequency analysis revealed that words such as "need", "good", "market", "time", and "tool" occurred most frequently, suggesting user discussion revolves around product utility and applicability (Appendix F). Moreover, the Word Cloud Plot demonstrates vocabulary that points towards themes of cost sensitivity, customization, scalability, and customer support (Appendix G). These qualitative insights reinforce our hypotheses that churn risk is concentrated among smaller businesses with tight budget constraints.

Meanwhile, the sentiment analysis adds to these findings - feelings of "positive", "trust", and "anticipation" emerged as the highest-ranked emotional categories, indicating that users appear to remain confident in HubSpot's long-term value proposition. That being said, levels of "negative", "sadness", and "fear" also commonly appeared - feelings that may be associated with rising pricing concerns, performance issues, and uncertainty in HubSpot's ability to deliver (Appendix H).

Overall, these mixed emotional signals suggest that while HubSpot's goodwill and longevity remain compelling, operational friction remains a risk that, if unaddressed, may coincide with customer

churn. This aligns with our earlier proposition that although revenue churn remains relatively low, customer churn remains fundamentally high.

4. Recommendations

Our overall analysis of HubSpot's financial performance, internal KPIs, competitive benchmarking, sentiment, and customer churn patterns reveal opportunities for HubSpot to enhance revenue retention, improve customer satisfaction, reduce churn, and strengthen long-term value. Thus, while HubSpot continues to demonstrate commendable revenue growth, rising ARPU, and strong subscription value, the table of recent performance indicators in *Section 2.1* highlights a persistent structural challenge: customer churn remains notably higher than revenue churn, suggesting that price-sensitive customers are disproportionately ending their business with HubSpot's model. These insights are compounded by recurring pain points identified in our sentiment analysis - customer concerns regarding pricing, unsubstantiated product claims, performance issues, and untimely customer support behaviors. To address these challenges, we suggest the following initiatives, organized around pricing optimization, product improvements, and customer experience enhancements.

4.1 Renewal Incentives

The derived table in *Section 2.1* indicates that although ARPU is projected to grow more than 13% year-over-year, Hubspot remains at risk of losing between \$100M and \$320M annually in subscription revenue due to churn. We hypothesize that much of this attrition stems from smaller, price-sensitive businesses. Therefore, to mitigate this, we propose that HubSpot refine their pricing plan to better retain these customer segments while continuing to leverage ARPU through mid-market and large-scale enterprise upgrades. To implement, we suggest HubSpot pushes renewal incentives targeting at-risk SMBs, based on churn indicators.

4.2 Enhanced Product Performance and Support

Our sentiment analysis highlighted significant user frustration around UI changes, inefficient load times, and inconsistent customer satisfaction. Since these inefficiencies are leading drivers of churn in the CRM market, improving these functions is critical to ensure HubSpot remains competitive. Therefore, we recommend that HubSpot prioritizes performance optimization of all at-risk CRM tools, enhanced customer support support SLAs, and proactively monitors communication channels that alert HubSpot when performance issues arise. These initiatives directly address the qualitative drivers of churn highlighted in our sample of user feedback.

4.3 Summary

These recommendations holistically address the financial and qualitative challenges revealed in our analysis. They strengthen HubSpot's ability to retain price sensitive businesses, improve user experience, enhance perceived value, and solidify goodwill in a competitive and dynamic CRM market.

5. Experimental Design: A/B Testing

Based on the combined findings derived across HubSpot's financial KPIs, customer acquisition and churn dynamic, competitive benchmarking, and the sentiment analysis on public (reddit) user reviews, several strategic opportunities emerge to strengthen HubSpot's customer retention, reduce churn, and ensure revenue optimization. Across our analysis, a consistent narrative looms: customer dissatisfaction is concentrated around pricing sensitivity, support responsiveness, and UX issues. While we believe concerns stemming from pricing can be negated with data-driven approaches first and foremost (e.g., predictive modeling), support responsiveness and product "ease-of-use" concerns may be addressed more effectively through alternative mediums - a targeted A/B testing framework.

5.1 A/B Testing to Address Support Responsiveness

User reviews indicate slow load times, workflow lag, and inconsistent support responsiveness. These frustrations contribute to negative end-user sentiment and increase the likelihood of churn. To

evaluate the impact of enhanced customer support, we recommend HubSpot an A/B test with the following dimensions:

- **Version A (Control):** Standard support. No targeted performance resolution medium.
- **Version B (Treatment):** Priority-response support queue for qualifying accounts and proactive in-app notifications that highlight resolved performance issues.
- **Success Metrics:** Ticket resolution time, feedback, survey sentiment, and churn rate proportions between groups.

5.2 A/B Testing to Address UX and Ease of Use

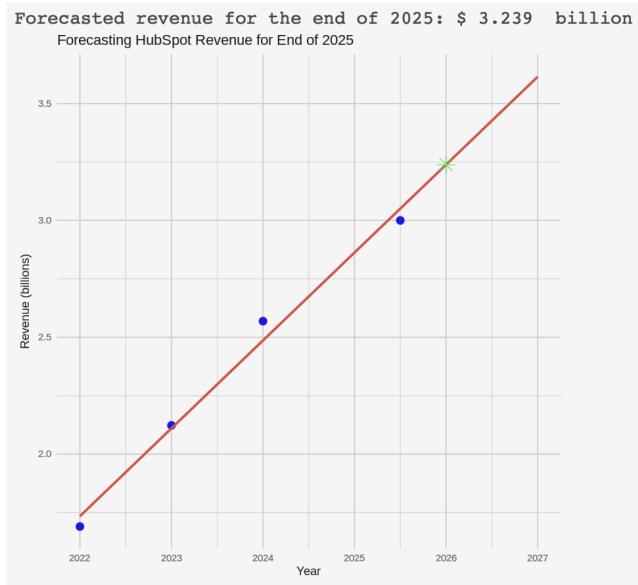
Given HubSpot's strong SEO-driven organic traffic and relatively low purchase conversion rates, funnel inefficiencies appear (partly) driven by an onboarding experience that may not sufficiently differentiate between sophisticated and novice users. Sentiment analysis implies that users are perhaps struggling with seemingly random and complex interface design modifications and settings that correlates with early-stage onboarding frustration. To mitigate, we recommend the following A/B testing design:

- **Version A (Control):** Standard onboarding processes.
- **Version B (Treatment):** A personalized onboarding experience, customized by company size, purpose, and technical expertise. Perhaps recommending automated procedures and a through "help" feature for processes that are highlighted in customer feedback forms, surveys, and reviews.
- **Success metrics:** Trial-to-paid subscription conversion, early churn, and frequency of onboarding-related support tickets.

Collectively, these tests allow HubSpot to target the core issues identified throughout our analysis. Successful returns would reduce churn rate, enhance customer understanding, improve perceived value, and strengthen both short-term revenue retention and long-term ARPU growth.

Appendix

Appendix A

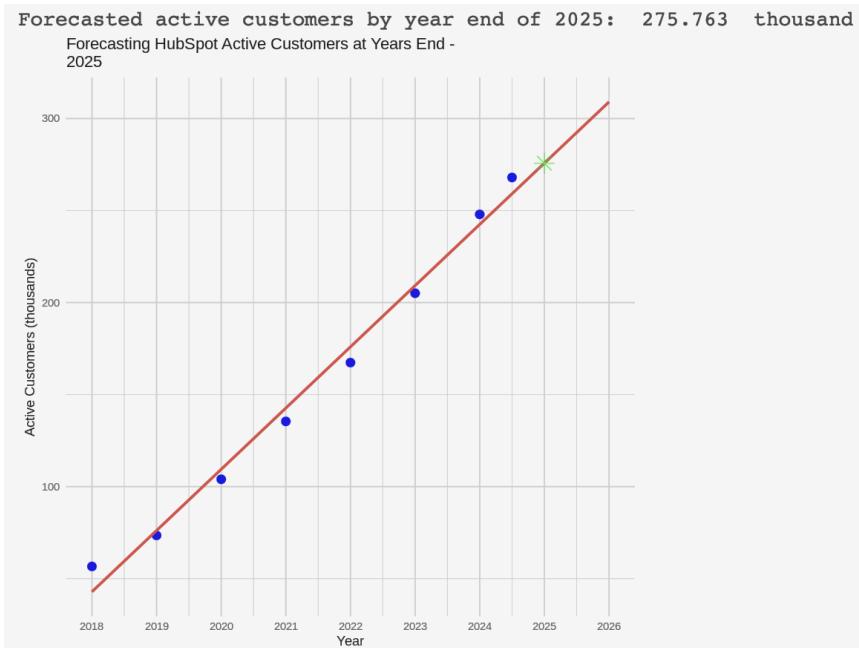


Appendix B

	Year Ended December 31,		
	2024	2023	2022
	(in thousands)		
Revenue:			
Subscription	\$ 2,569,546	\$ 2,123,479	\$ 1,690,538
Professional services and other	57,997	46,751	40,431
Total revenue	<u>2,627,543</u>	<u>2,170,230</u>	<u>1,730,969</u>
Cost of revenue:			
Subscription	336,878	283,675	251,274
Professional services and other	56,387	54,687	56,746
Total cost of revenue	<u>393,265</u>	<u>338,362</u>	<u>308,020</u>
Gross profit	<u>2,234,278</u>	<u>1,831,868</u>	<u>1,422,949</u>
Operating expenses:			
Research and development	778,714	617,745	442,022
Sales and marketing	1,218,844	1,068,560	886,069
General and administrative	300,332	249,649	197,720
Restructuring	3,990	96,843	—
Total operating expenses	<u>2,301,880</u>	<u>2,032,797</u>	<u>1,525,811</u>
Loss from operations	<u>(67,602)</u>	<u>(200,929)</u>	<u>(102,862)</u>
Other income (expense)			
Interest income	82,706	58,828	15,000
Interest expense	(3,721)	(3,801)	(3,762)
Other income (expense)	17,294	(4,673)	(6,829)
Total other income (expense)	<u>96,279</u>	<u>50,354</u>	<u>4,409</u>
Income (loss) before income tax expense	<u>28,677</u>	<u>(150,575)</u>	<u>(98,453)</u>
Income tax expense	<u>(24,049)</u>	<u>(13,935)</u>	<u>(8,894)</u>
Net income (loss)	<u><u>\$ 4,628</u></u>	<u><u>\$ (164,510)</u></u>	<u><u>\$ (107,347)</u></u>

- Operating Profit = Revenue – (COGS + Operating Expenses)
- 2022: $1730969000 - 308020000 - 1525811000 = - \$102862B$ (loss)
- 2023: $-\$200929B$ (loss)
- 2024: $-\$67602B$ (loss)

Appendix C

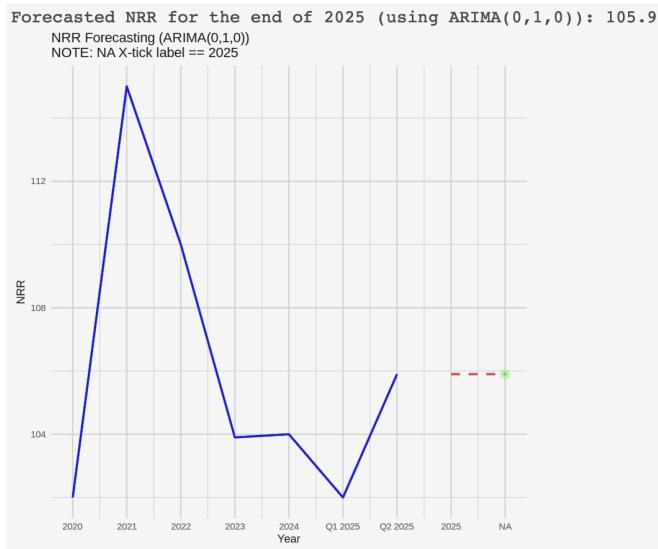


Appendix D

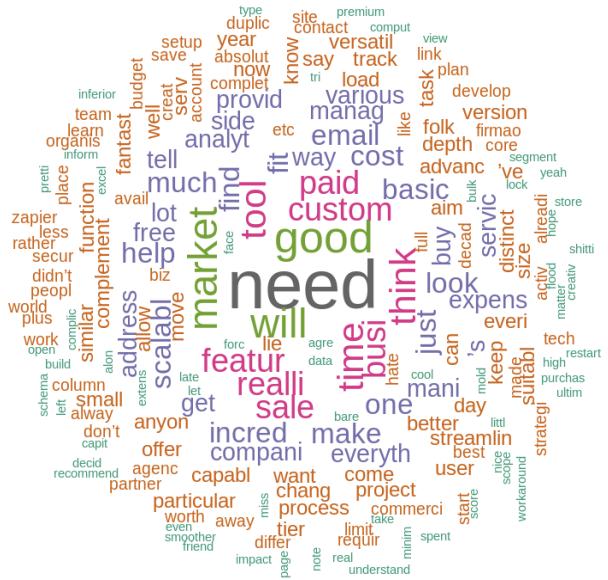
› Determining Revenue Churn Rate

- **2020:** $1 - (1/1.02) \rightarrow 1.96\%$
- **2021:** $1 - (1/1.15) \rightarrow 13.04\%$
- **2022:** $1 - (1/1.1) \rightarrow 9.09\%$
- **2023:** $1 - (1/1.039) \rightarrow 3.75\%$
- **2024:** $1 - (1/1.04) \rightarrow 3.85\%$
- **2025 (estimated using value derived from simple random walk model)** $\rightarrow 1 - (1/1.059) \rightarrow 5.57\%$

Appendix E

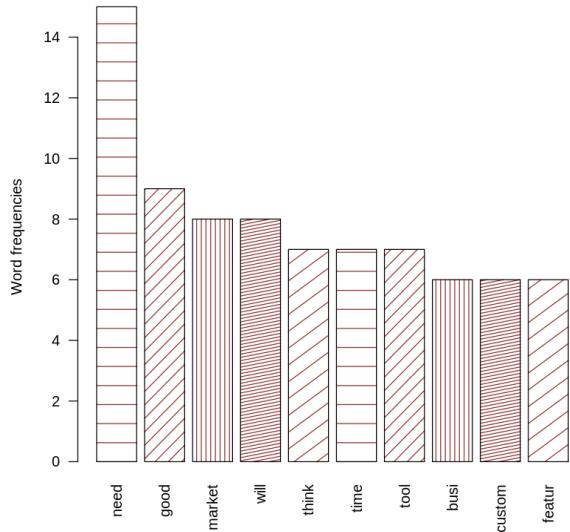


Appendix F

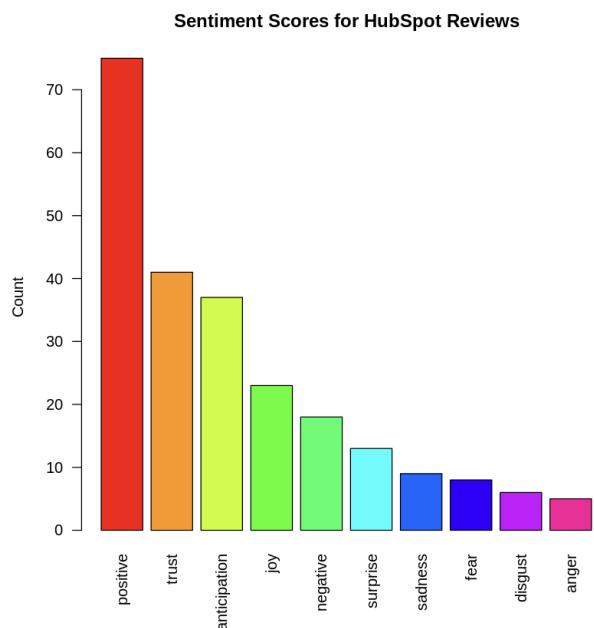


Appendix G

Most frequent words



Appendix H



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