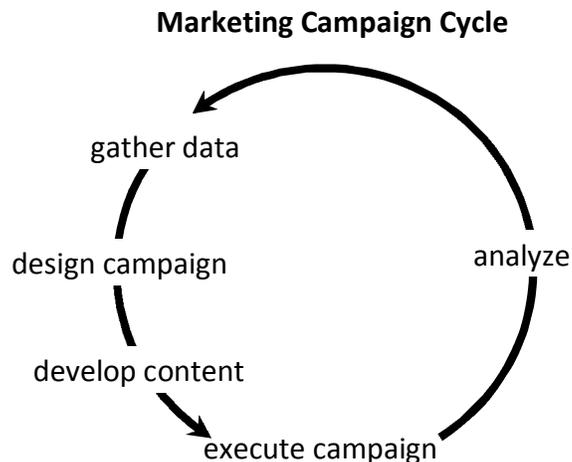# 37 Marketing Automation Best Practices

David M. Raab
Raab Associates Inc.

Many companies today have installed marketing automation or demand generation software.* But buying a system is like joining a gym: you don't get any value unless you use it, and real value comes only if you use it correctly.

To help you work your own marketing program into shape, here is a list of marketing automation best practices. These are organized in the sequence of campaign development: you start by gathering data, then design the campaign flow, develop the necessary materials, execute the campaign, and analyze the results. Since the results themselves help to improve the next campaign, the sequence is actually a cycle:

Marketing Campaign Cycle

gather data

design campaign

develop content

execute campaign

analyze

The list of best practices is followed by a scorecard, which makes it easy to assess your current strengths and weaknesses. Take next step of estimating the value and cost of making

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* Marketing automation systems manage the entire customer life cycle, while demand generation systems are used primarily to acquire new leads. See our paper *Demand Generation vs. Marketing Automation* at www.raabguide.com for more details.

improvements, and you can easily prepare a prioritized list of enhancements. Then, like the gym, it's a matter of working hard every day to make your plans a reality.

Marketing Automation Best Practices Definitions

Step 1: Gather Data. *The marketer assembles information about the target audience. Best practices here involve the types of data, and, in particular, expanding beyond traditional sources.*

• **leads, promotions, responses, orders:** these are the traditional data sources used in most marketing systems. Best practices would link actual orders back to the individual leads, and do accurate customer data integration.

• **external demographics, preferences, contact names:** the best practice here is to supplement internal data with external sources such as D&B, Hoovers, LexisNexis, ZoomInfo, etc. More information allows more accurate targeting and better lead scoring.

• **social networks:** these can be another source of contact names, and sometimes of introductions via mutual friends. A close look at what individuals have said and done in these networks could provide deep insight into a particular person's needs, attitudes and interests, but this is more an activity for salespeople than marketers.

• **summarized activity detail:** marketing systems gather an overwhelming mass of detail about prospect activity, down to every click on every Web page. Best practice is to make this more usable by flagging summaries such as "three visits in the past seven days" and making them available for segmentation and event-triggered marketing.

• **self-adjusting surveys**: once a lead has answered a survey question, the system should automatically replace that question with new one. This builds a richer customer profile and avoids annoying the lead by asking the same question twice. For a bonus best practice, the system should choose the next question based on user-defined rules that select the most useful question for each individual.

• **order detail, payments, customer service:** the best practice is to gather information beyond the basic order history from operational systems. This also allows more precise targeting and may uncover opportunities that are otherwise invisible, such as follow-up to service problems.

• **near real-time updates:** fast access to information about lead behaviors allows quick response, particularly in the form of event-triggered messages. This can be critical to engaging a prospect when her interest is at its peak, and before she turns to a competitor.

• **household and company levels:** consumers should be grouped by households and business leads by their company, division or project. This grouping permits selections and scoring based on activity of the entire group, which may display patterns that are not visible when looking at just a single individual.

Step 2: Design Campaign. *The marketer now designs the flow of the campaign itself. Traditional marketing programs use a small number of simple campaigns, each designed from scratch and often used just once. Even traditional campaigns often include multiple steps, so this itself isn't listed separately as a new best practice.*

• **many specialized campaigns:** the best practice marketer deploys many campaigns, each tailored to a specific customer segment or business need. These are more effective because they are more tightly targeted.

• **cross sell, up sell and retention campaigns:** demand generation focuses primarily on campaigns to acquire new leads. The best practice is to supplement these with campaigns that help sell more to existing customers and to retain those customers. Marketing automation has generally included these types of campaigns, at least in theory, but many firms could productively expand their efforts in these areas.

• **share and reuse components (structure, rules, lists):** when marketers are running many specialized campaigns, they have greater opportunity to share common components, and greater benefit from doing so. Sharing makes it possible to build more complex, sophisticated components and to ensure consistency both in how each customer is treated and in how company policies are implemented.

• **new channels (search, Web ads, mobile, social):** these new channels are often more efficient than traditional channels, and many have other benefits such as being easier to measure. Best practice marketers test new channels aggressively to find out what works and how they can best be used. Even if the new channels are not immediately cost-effective, marketers can limit their investment but still build some experience that will be useful later.

• **multiple channels in same campaign:** true multichannel campaigns contact customers through different media. A mix of media allows you to reach customers who are responsive in different channels, thereby boosting the aggregate response. Channels may also be chosen based on stated customer preferences and the nature of a particular contact. Marketing automation systems make it easy to switch between media within a single campaign.

Step 3: Develop Content. *This step creates the actual marketing materials needed by each step in the campaign design. These are emails, call scripts, landing pages, brochures, and so on.*

• **rule-selected content blocks and best offers:** content is tailored to individuals not simply by inserting data elements ("Dear [First_Name]") but by executing rules that select different messages based on the situation. For example, a rule might send different messages based on the customer's account balance.

• **map drip-marketing message to buyer stage:** best practice nurturing campaigns deliver messages that move the lead through a sequence of stages, typically starting with general information and becoming more product oriented. This is more effective than sending the same message to everyone or always sending product information.

• **standard templates:** messages are built using standard templates that share a desired look-and-feel and contain common elements such as headers and footers. This provides consistency, saves work, and ensures that policies are followed.

• **share and reuse components (items, content blocks, image**s): like shared campaign components, shared marketing contents minimize the work needed to create many different, tailored campaigns. Sharing also makes it easy to deploy changes, such as a new price or new logo, without individually modifying every item in every campaign.

• **unified content management system across channels:** even though most marketing materials are channel-specific, many components such as images and text blocks can in fact be shared across different channels. Managing these through a single system further saves work, supports sharing, and ensures consistency.

Step 4: Execute Campaign. *The campaign is deployed to actual customers. Best practice campaigns often run continuously, rather than being executed once and then replaced with something new. This lets marketers refine them over time, testing different treatments for different conditions and keeping the winners.*

• **separate treatments by segment:** messages and campaign flows are tailored to the needs of each segment. This could be done by creating one campaign with variations for different segments or by creating separate campaigns for each segment. Which works best depends largely on your particular marketing automation system. Either way, shared components should keep the redundant work to a minimum.

• **statistical modeling for segmentation:** predictive model scores can often define segments more accurately than manual segmentations. Perhaps more important, they can be less labor-intensive to create, allowing marketers to build more segments and rebuild them more often.

This matters because best practice marketing involves so many specialized campaigns and is constantly adjusting to new conditions.

• **change campaign flow based on responses, events, activities:** best practice campaigns change lead treatments in response to their behaviors. Thus, instead of a fixed sequence of treatments, they send leads down different branches and, in some cases, move them from one campaign to another. Changes may be triggered by activities within the campaign, such as response to a message or data provided within a form, or by information recorded elsewhere and reported to the marketing automation system.

• **advanced scoring (complex rules, activity patterns, event depreciation, point caps):** simple lead scoring formulas are often inaccurate predictors of future behavior. Best practice scoring may involve complex calculations based on relationships among several data elements, summarized activity detail, reduced value assigned to less recent events, and caps on the number of points assigned for any single type of activity. A related challenge for system designers is making complex formulas reasonably easy to set up and understand.

• **company-level scores and activity tracking**: the best practice campaign can use aggregated company or household data to calculate scores, guide individual treatments, and issue alerts. This allows more appropriate treatment than looking at each individual in isolation.

• **multiple scores per lead:** for companies with several products, the best practice to calculate a separate lead score for each. The scores may also have different thresholds for sending the lead to sales.

• **define score formula jointly with sales:** the salesperson is the ultimate judge of whether a lead is qualified. But many marketing departments still set up lead scoring formulas without sales input. Best practice is to work together on defining the criteria and then to periodically review the results to see if the formula can be improved.

• **let sales return leads for more nurturing:** traditional lead management is a one-way street, with leads sent from marketing to sales and then never heard from again. Best practice marketers allow salespeople to return leads to marketing for further nurturing. This improves the chances of a lead ultimately making a purchase, even if it doesn't happen right away.

Step 5: Analyze Results. *Learning from past campaigns may be the most important best practice of all. Having many targeted campaigns allows for continuous incremental improvement, achieved by quickly evaluating the return on each project and adjusting future programs based on the results.*

• **advanced response attributio**n: traditional methods often credit a lead to whichever campaign contacted them first, or whichever generated the first response. Best practice marketers look more deeply at the factors which may have influenced a lead's behavior, often applying sophisticated analytics to estimate the incremental impact of different campaigns.

• **standard metrics, within and across channels:** resources can only be allocated to their optimal use if return on investment can be compared across campaigns. This requires standard metrics, which must be calculated consistently and clearly understood throughout the organization.

• **formal test designs (a/b, multivariate):** traditional marketers often do little testing, and the tests they do are often poorly designed. Best practice marketing involves continuous, formal testing designed to answer specific questions and lead to actionable results.

• **capture immediate and long-term results:** initial response rate or cost per lead fails to take into account the value of the leads generated, which can differ hugely from campaign to campaign. Best practice requires measuring the long-term value and building it into standard campaign metrics.

• **evaluate on customer profitability, not revenue:** customers with the same revenue can vary greatly in the actual profit they bring to the company, depending on the profit margins of their purchases and other costs such as customer support. Best practice metrics include accurate profitability measures, preferably drawn from an activity-based costing system.

• **continually assess and reallocate spending:** best practice marketers have a formal process to shift resources to the most productive marketing investments. These will change as campaigns are refined, business conditions evolve, and new opportunities emerge. A formal assessment process is essential because organizations otherwise tend to resist change.

Infrastructure. *Individual campaigns are made possible by an underlying infrastructure. This has best practices of its own.*

• **consolidated systems (multi-channel content management, campaign management and analytics):** today's marketing systems can usually handle multiple channels, so decommissioning older channel-based systems may save money as well as making multi-channel campaigns easier to execute. Consolidated multi-channel analytics, which may occur outside of the marketing automation system, are particularly important for gaining a complete view of each customer.

• **advanced system training:** marketing departments often provide workers with the minimum training needed to gain competency in their tools. Best practice departments recognize that

additional training can make users more productive, particularly as the tools themselves add new capabilities that users would otherwise not be able to exploit.

• **advanced analytics training:** analytics play a central role in the continuous improvement process. Solid analytics training ensures that users can set up proper tests and interpret the results. Because data and tools are often already available, lack of training is frequently the main obstacle that prevents marketers from using analytics effectively.

• **formal processes:** best practice marketers develop, document and enforce formal, consistent business processes. This both ensures that work is done efficiently and makes it possible to execute changes when opportunities arise.

• **cross-department cooperation:** working with sales, service, finance and other departments is essential to sharing systems, data and metrics. A cross-department perspective ensures that each department considers the impact of its decisions on the rest of the company and on the customers themselves.

Summary

The best practice vision is many marketing campaigns, each precisely targeted, efficiently executed, and carefully designed to yield the greatest possible value. The campaigns are supported by detailed analysis to understand results and identify potential improvements. This information is quickly fed into new campaigns, ensuring that the company continually evolves its approaches and makes the best possible use of marketing resources. Continuous optimization is the ultimate best practice that all other practices should support.

Marketing Automation Best Practices Scorecard

Use the following scorecard to assess your current situation and build a prioritized list of improvements.

	Current Score	Value If Improve	Cost to Improve
Step 1: Gather Data.			
• leads, promotions, responses, orders			
• external demographics, preferences, contact names			
• social networks			
• summarized activity detail			
• self-adjusting surveys			
• order detail, payments, customer service			
• near real-time updates			
• household and company levels			
Step 2: Design Campaign.			
• many specialized campaigns			
• cross sell, up sell and retention campaigns			
• share and reuse components			
• new channels			
• multiple channels in same campaign			
Step 3: Develop Content.			
• rule-selected content blocks and best offers			
• map drip-marketing message to buyer stage			
• standard templates			
• share and reuse components			
• unified content management system across channels			
Step 4: Execute Campaign.			
• separate treatments by segment			
• statistical modeling for segmentation			
• change campaign flow based on responses, events, activities			
• advanced scoring			
• company-level scores and activity tracking			
• multiple scores per lead			
• define score formula jointly with sales			
• let sales return leads for more nurturing			
Step 5: Analyze Results.			
• advanced response attribution			
• standard metrics, within and across channels			
• formal test designs (a/b, multivariate)			
• capture immediate and long-term results			
• evaluate on customer profitability, not revenue			
• continually assess and reallocate spending			
Infrastructure.			
• consolidated systems			
• advanced system training			
• advanced analytics training			
• formal processes			
• cross-department cooperation			

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