

Marketing Automation: What's Your Next Step?

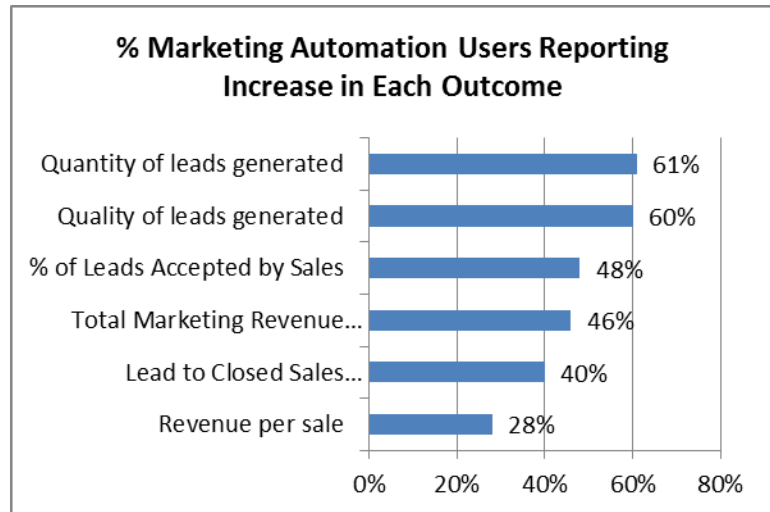
Raab
associates, inc.
730 Yale Avenue
Swarthmore, PA 19081
www.raabassociatesinc.com
info@raabassociatesinc.com

Marketing Automation: What's Your Next Step?

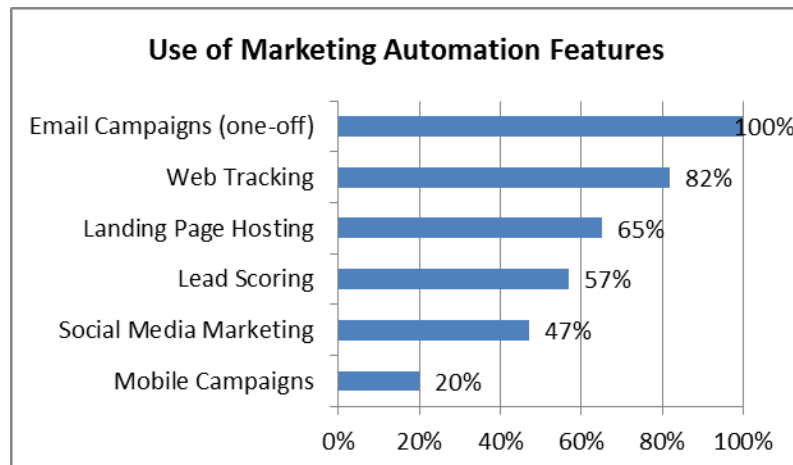
Introduction

B2B marketers have enthusiastically adopted marketing automation, with industry revenue growing at 50% per year according to Raab Associates estimates. The reason for this adoption is simple: marketing automation works. Users consistently report growth in quantity and quality of leads, in lead acceptance rates, and in marketing revenue contribution. Recent acquisitions by major software vendors including Oracle, Salesforce.com, Microsoft and Adobe further confirm that marketing automation is becoming a standard part of every company's technology foundation.

Yet all is not well. Despite generally positive results, many marketing automation users are not getting the greatest possible value from their systems. While nearly everyone uses marketing automation to send emails, many are still not running multi-step nurture campaigns or using lead scoring to determine which leads are sales-ready. Fewer still use more advanced features such as social media publishing, attribution analysis, and marketing planning. These advanced features multiply the value received from a marketing automation implementation. Without them, marketers could just as well replace their systems with lower cost email-only solutions – a decision that would save money in the short run, but ultimately leave marketers without access to the new opportunities that marketing automation creates.



Source: 2012 Lenskold Group / Pedowitz Group Lead Gen Marketing Effectiveness Study (adapted)



Source: Gleanster, Marketing Automation: Disrupting the Status Quo

Marketers cite many reasons for not fully implementing their systems. The most common obstacles include limited budgets, lack of staff skills, poor data, and a shortage of content. But, ultimately, most of these reasons reflect decisions made by marketing departments about how they'll allocate existing resources and how effectively they can prove the value of increased marketing budgets. In other words, most marketing departments could do more with their systems if they

chose to make that a priority. Given the proven benefits of advanced marketing automation, such a choice makes sense.

Marketing Automation: What's Your Next Step?

But simply deciding you want to make better use of your marketing automation doesn't end the discussion; it just raises the much more difficult question of how. The rest of this paper will provide you with some answers.

Marketing Automation Maturity Model

Before planning the next step in your marketing automation journey, you need to know how far you've already traveled. The table below lists the major functions of marketing automation systems in the approximate order that most companies will deploy them. Functions that work together are grouped into levels of a maturity model. Take a moment to determine your own level, bearing in mind that you may not have followed exactly the same sequence and that you may not be using any individual function as fully as possible.

System Function	Description	Maturity Level			
		1	2	3	4
Batch Email	One-off email programs and newsletters	X	X	X	X
CRM Integration	Exchange data with CRM system	X	X	X	X
Web Tracking	Track individuals on company Web site		X	X	X
Landing Pages	Build landing pages to capture response		X	X	X
Lead Scoring	Score leads using system-gathered data		X	X	X
Nurture Programs	Multi-step email programs for new leads		X	X	X
Mobile Marketing	Create mobile-friendly marketing contents			X	X
Social Marketing	Publish to social networks and monitor results			X	X
Search Marketing	Paid search ads and search-optimized contents			X	X
Marketing Planning	Schedule and budget all marketing programs				X
Resource Management	Build content and manage approval workflows				X
Revenue Attribution	Link revenue in CRM to marketing programs				X
Revenue Forecasts	Project future revenue from current leads				X

Each marketing automation function involves its own set of programs, marketing content, metrics, user skills, and organizational changes. Moving from one level to the next requires adding each of these. This is why careful planning is essential for a successful transition -- and probably why so many marketing departments never move beyond level 1. The following sections look at each level in turn and provide advice on making the transition.

Level 1: Email and CRM Integration

Function	Programs	Content	Metrics	Skills	Organization
Batch Email	Batch email to existing and outside lists, newsletters	One-off offers e.g. webinar, promotion, product info	Email response; marketing-generated leads	Email creation, response analysis, testing	Marketing ops
CRM Integration	Send qualified leads to CRM	Alerts to sales department	Leads sent, leads accepted	CRM synch, Data cleaning, Lead definition	Sales coordination

Marketing Automation: What's Your Next Step?

Level 1 is the most basic form of marketing automation deployment. In reality, quite a few companies do email without CRM integration, but in that situation marketing automation is nothing more than an advanced email system.

The transition to this step is the initial marketing automation deployment itself. This is usually managed with help from the vendor or another outside service organization. The biggest chore is often cleaning up the CRM data that will be imported to the system, since most CRM databases contain large numbers of obsolete and duplicate records. Salespeople can easily ignore those records in their day-to-day activities but the marketing automation system will treat them as live leads until they are removed. Other key tasks during the transition are learning to set up campaigns and create contents within the marketing automation system itself, designing the initial programs, and setting up processes to transfer leads from marketing to sales. These challenges relate more to organization and training than technology.

Marketers at this level can also begin to build baseline histories for standard metrics such as email response rates and can start to improve results through tests. Early tests should focus on variables whose impact can be measured by easily captured metrics such as the number of responses or new leads. Since this will often be the first time the marketing organization has been able to do extensive testing, it should be relatively easy to find changes that yield significant improvements. This becomes an early win for the marketing automation system.

Level 2: Nurture Programs

Function	Programs	Content	Metrics	Skills	Organization
Web Tracking	Trigger-based messages, sales alerts	Page tags	Total traffic, page visits	Web analytics, behavior tracking	Webmaster, sales users
Landing Pages	Data capture, progressive profiling	Forms, microsites	data captured, data quality, conversions	Page creation, data management	Marketing ops, IT / CRM for data
Lead Scoring	Lead scoring, lead qualification	Scoring formulas	Sales acceptance, lead-to-opportunity conversion rates	Formula creation, results monitoring	Sales training to understand scores
Nurture Programs	Multi-step lead nurture, send to CRM	Targeted emails	Stage conversions, open rates	Program design, content creation, analytics	Marketing ops, sales coordination

The leap to level 2 is one that many marketing automation users still fail to make. It involves several system functions that can be deployed separately but work best when tightly integrated.

Transition to this step can begin with Web tracking, which requires placing tags from the marketing automation tags on company Web pages. This will let the marketing automation system identify individual visitors and begin to build a behavioral history to use in nurture programs and lead scoring.

Marketing Automation: What's Your Next Step?

Many marketing automation systems can also use the IP address of an otherwise-anonymous visitor to identify their company, assuming the visitor is accessing the Web site from a company server. These visits can trigger alerts to salespeople responsible for those firms. This is usually a very simple feature to deploy and provides clear value to sales departments, helping to build support for the marketing automation project.

Once Web tracking is in place, you can start to build landing pages. Static pages are another home for tracking tags that can capture user behavior, but the real value comes from building forms to capture information about responders. Landing pages can be associated with the batch email campaigns deployed in level 1; in fact, most initial campaigns will already include them. Experience in building the pages will make it easier to use them in nurture campaigns, both to trigger the start of a nurture sequence and to capture additional information as the campaign proceeds. As with emails, building and deploying landing pages is technically straightforward, but marketers will need to give considerable thought to which questions they should ask on their forms, how to measure and ensure data quality, how the data will be stored in the marketing database, and what will be shared with the CRM system.

Lead scoring can start with a simple scoring formula based on static information such as job title, industry and company size. A formula this simple can be designed during direct conversations with the sales department and doesn't rely on data from nurture programs. Although the ultimate purpose of a lead score is to identify leads that are likely to make a purchase, your model should actually predict sales acceptance rather than closed deals: the sales person's reaction to the leads is what really matters, and this will also give you more cases to evaluate and quicker access to results. Test your scoring formula by sending sales some low- and middle-ranked leads along with the high-ranked leads, to confirm that the scores are identifying the correct records. Your lead transfer process should include a sales rating on each new lead, so you can quickly identify any discrepancies between your scoring formula and sales' actual opinion.

Nurture programs are the biggest challenge in moving to this level. These programs involve sequences of emails that can vary based on lead behaviors. Marketers must design messages that keep leads engaged, move them towards being sales-ready, and gather useful information. The design must also include rules for moving from one stage of the program to the next, for taking hot leads out of the sequence and sending them directly to sales, and in some cases for sending leads down different paths depending on their segment or behaviors. Once the conceptual design is completed, users must learn how to deploy the sequence and rules within their system, a task which often requires considerable training, care and skill. This is a good place to invest in outside training or services, especially while setting up the initial campaigns.

The initial nurture program should be relatively simple – four to six steps over two to three months would be reasonable. Target the program at a large, important customer segment, to provide enough volume for measureable results and to ensure that success has a significant business impact. Be sure to set aside a control group of new leads who will not receive the program, so you can compare their performance against the treated group for a reliable measure of improvement.

Once your initial scoring system and nurture programs are in place, plan to extend them over time. Scoring formulas will benefit from the new behavioral information generated by nurture programs, including email opens, Web site visits, and content downloads. Scores will also benefit from the answers to additional questions gathered on nurture program forms. Nurture programs, in turn, often use model scores to select the next treatment for an individual and to decide when to send them to

Marketing Automation: What's Your Next Step?

sales. This means you'll need to revise your scoring formulas as your nurture programs mature. You'll soon find that taking full advantage of all the available data requires more rigorous analysis than you can get from informal discussions between marketing and sales. If you don't have staff with the skills needed for this analysis, plan to hire outside vendors to do the work and explain their results.

Level 3: Inbound Marketing

Function	Programs	Content	Metrics	Skills	Organization
Mobile Marketing	Location-based programs	Mobile versions of email, Web pages	Mobile views, campaign responses	Content creation, program design	designers, marketing ops
Social Marketing	Publishing, monitoring, promotions	Social messages, social buttons in existing content	Registrations, responses, engagement	Program creation, traffic building, analysis	social / PR group, marketing ops
Search Marketing	Paid search, search optimization	Search ads, landing pages, Web pages	Responses, cost/response, views	Keyword selection, bidding, SEO	Designers, Web master

Level 3 is both an extension of level 2 to new channels and an expansion beyond lead nurturing to lead acquisition. Mobile and social messages can extend nurture campaigns to new channels, while social and search marketing can also attract new leads who can later be nurtured. The transition to mobile primarily requires new design and technical skills to ensure that emails and Web pages work will on mobile devices. To a lesser degree, it may also involve creating new location-based campaigns that take advantage of mobility itself.

Social marketing includes a broad range of functions, from embedding social buttons with existing emails and Web pages, to monitoring mentions of the company in social media, to publishing messages and tracking response in social channels, to creating social-specific promotions. Marketing automation systems vary widely in the social marketing features they provide, and some aspects of social marketing may be run outside the department that runs the marketing automation system. However, there are obvious benefits to integrating social marketing with other marketing automation activities, including gaining access to social behaviors for lead scoring and delivering nurture messages through social channels. So it's worth some effort to bring social marketing activities within your marketing automation system, assuming it has the capabilities to handle them.

Start with the simple tasks of adding social sharing features to existing marketing contents and adding social data to lead profiles in the marketing database. Then set up social monitoring and response procedures, bearing in mind that overtly promotional responses can be annoying to people who have asked for them. Set up programs to regularly publish your own social content, both in social-only promotions and to drive traffic to your existing Web pages and events. Be sure you have metrics to track the impact of social marketing in its own terms (mentions, engagement, etc.) and with traditional marketing measures (leads generated and cost per lead).

Search marketing is more purely aimed at acquiring new names. It includes paid search advertising such as Google AdWords and search engine optimization of marketing contents and Web pages. As with social, many organizations will already be doing these tasks outside of marketing automation, so

Marketing Automation: What's Your Next Step?

consider carefully whether and how to integrate them. At a minimum, ensure that paid search ads point to marketing automation-generated landing pages, so you can capture the leads, flag them as search-generated, and track search campaign performance. You may find search-generated leads should be treated differently than leads from other sources, especially at the start of the relationship. Some marketing automation systems can actually manage your paid search campaigns; this can help to integrate search ads with other types of promotions and makes it easier to do integrated planning and budgeting. Use search engine optimization tools to increase the traffic attracted by marketing contents such as landing pages, micro-sites, and blog posts. Use the Web analytics components of marketing automation to measure the effectiveness of those materials.

Level 4: Marketing Management

Function	Programs	Content	Metrics	Skills	Organization
Marketing Planning	-	Marketing calendar	Revenue, budgets, actual costs	Planning, budgeting	Marketing ops, finance
Resource Management	-	Project calendars, workflow	Content created, on-time performance, content cost	Project management, content creation	Designers, marketing ops
Revenue Attribution	-	Attribution reports	Close rates, marketing-sourced leads, ROI	Analytics, matching	Analytics, sales ops, finance
Revenue Forecasts	-	Forecasts, dashboards	Marketing-sourced revenue	Analytics, forecasting	Analytics, sales, finance

This level is different from the others because it does not involve actual marketing promotions. It is most relevant to large marketing departments that need formal processes for planning, resource management, and optimization. Those organizations may choose to move to this level immediately after level 2.

Setting up marketing planning and resource management primarily requires developing formal processes to support those tasks. Companies often start with a simple marketing calendar, which lists the timing for future promotions. This can be extended to capture budgets and actual costs and to build project schedules and approval workflows. Successful implementation will depend on training and organizational discipline. Few groups outside of marketing itself are involved.

Revenue attribution and forecasting are more analytical. Effective attribution depends on accurate data linking revenue in the CRM or finance system to leads in the marketing automation system. This may require extensive manual data cleaning or use of sophisticated matching technologies. Cooperation from sales is often essential for making the matches possible, and sales must agree that the data is accurate for marketing to use it in company-level discussions. Similarly, the finance department needs to accept any attribution techniques used in company planning discussions.

Marketing Automation: What's Your Next Step?

Beyond simply linking leads to revenue, some companies may want assign credit to specific marketing programs. The goal of such approaches is to provide accurate Return on Investment calculations for individual marketing programs, reflecting the incremental contribution that each made to the final outcome. This sort of attribution moves can use simple rules such as giving full credit to the first or final marketing contact, or divide the credit using fixed fractions or using sophisticated statistical methods. Few marketing automation systems provide anything beyond the most basic attribution options, so a sophisticated approach will probably require using external software or consultants.

Revenue forecasts estimate the revenues that can be expected from the existing lead inventory, based on the quality and funnel stage of each lead. The approach resembles sales pipeline forecasts in CRM systems except that it works with leads in earlier stages. A few marketing automation systems provide elaborate revenue forecasting functions. Companies using other systems can extract the marketing automation data to build their own forecasts using similar techniques.

Keys to Success

Marketing automation features all support each other, so you'll get the most benefit from your system only when you deploy a full range of functions. The preceding sections have offered specific advice for managing individual stages. Beyond that, here are some general rules that will help guide you to success.

Grow slowly. Your deployment will not be a simple, linear progression from one stage to the next. Expect to spend some time within each stage, first doing simple programs and then adding more complexity. Also expect to revisit earlier stages, again adding more sophistication, even after you've started to work on the later stages. It will take time to understand system features and how to best apply them to your business. It's better to expand your deployment organically than to start with complex programs you don't fully understand.

Follow a plan. It's critically important not to get stuck at a low maturity level, even though you may not have fully exploited all the capabilities that level has to offer. Force yourself to grow to the next level by setting up plans that include target dates for using new features. But remember that each new stage calls for new skills and resources, so be sure you plans also include adequate funding and training to ensure successful deployment.

Measure results. If there's one single key to successful deployment, it's measuring and reporting on your results. Some measures will be track progress against your deployment plan, such as the number of multi-step campaigns in production. But the most important measures will show the value your system has created. You'll calculate this in different ways for different features, but in general aim for formal tests that compare performance of leads within a marketing automation program to similar leads excluded from that program. Concrete value calculations build support for expanded marketing automation both within the marketing department and among senior managers who must provide additional funding.

People first. The real challenges in marketing automation deployment have less to do with technology than people. Each new function requires learning to design new programs, create new content, and understand new metrics. Many functions also require changes to business processes within marketing

Marketing Automation: What's Your Next Step?

and elsewhere in the organization. Invest in staff, training, and outside assistance as necessary to ensure you have the skills and time to expand your system successfully.

Be patient. A complete marketing automation deployment takes time to move through the different maturity levels and the full benefits won't appear until you have reached those later stages. You can mitigate this effect somewhat by ensuring that even your earliest programs deliver clear value. But don't try to assess the full benefits of marketing automation until you've started using all the pieces: otherwise it's like pulling a half-baked cake from the oven and deciding whether you like how it tastes.

Be flexible. Plans are great but unexpected opportunities will always appear. Today's marketers often find themselves eager to try new types of promotions that didn't even exist a few months earlier. If possible, integrate those new promotions with your marketing automation system, so they extend your deployment instead of distracting you from it. Even if the work is mostly done outside of marketing automation, you should at least load the resulting leads and data into the marketing automation database for follow-up and reporting. Bear in mind that a fully functioning marketing automation system will make it easier for you to innovate over the long run, by providing a stable platform to support new processes and freeing marketers' time for new projects. So make the strategic investment in full deployment even if you have to accept some tactical sacrifices along the way. You'll come out ahead in the end.

Marketing Automation: What's Your Next Step?

About Raab Associates Inc.

Raab Associates Inc. is a consultancy specializing in marketing technology and analytics. Typical engagements include business needs assessment, technology audits, vendor selection, results analysis, and dashboard development. The company also consults with industry vendors on products and marketing strategy. It publishes the B2B Marketing Automation Vendor Selection Tool (VEST), the industry's most comprehensive independent guide to B2B marketing automation systems.

Contact:

Raab Associates Inc.

730 Yale Avenue

Swarthmore, PA 19081

www.raabassociatesinc.com

info@raabassociatesinc.com