

# **Marketing Automation For Beginners**

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## Introduction

Over the past ten years, marketing automation software has grown from almost nothing to a multi-billion dollar industry. Yet many marketers remain unsure about what marketing automation really is and how it might help them. This paper answers some basic questions about marketing automation. We hope it helps you to move beyond the confusion to an informed judgement of whether marketing automation is right for your business.

## What Is Marketing Automation?

Marketing automation is a type of system that combines a contact database, selection tools to extract targeted lists from that database, and execution tools to deliver messages to those lists. Exploring each a little further:

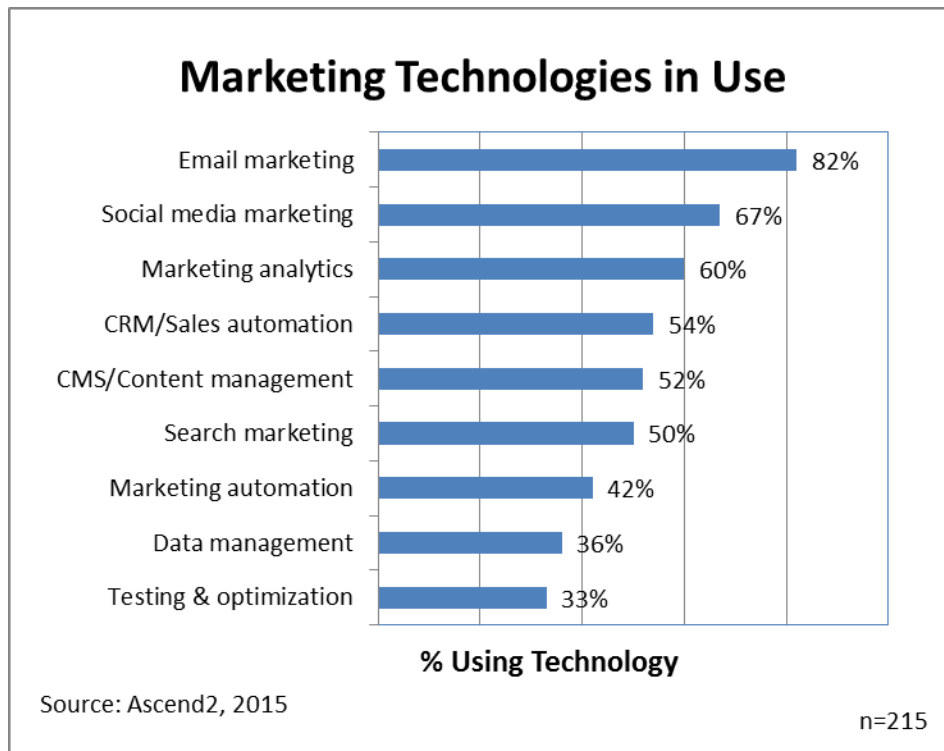
- **The contact database** contains information about prospects, customers, and former customers. This information comes from many sources, usually including Web sites, sales, order processing, and service. It includes personal identifiers such as name, email, physical address, social media handle, and device IDs; other personal information such as employer and interests; marketing history including messages sent and responses; and transaction history including purchases, payments, service requests, and product returns. The exact contents will depend on the business using the system and must comply with local privacy regulations.
- **Selection tools** enable marketers to query the contact database to extract lists of individuals who meet specified conditions. These conditions may relate to individual characteristics such as location or employer, to marketing history such as response to past campaigns, or to transaction history such as products purchased. Selections can combine multiple conditions, enabling marketers to create highly targeted segments for specialized treatment.
- **Execution tools** deliver marketing treatments such as emails and Web site messages. Marketing automation systems include tools to set up those messages, such as email composers, as well as the actual delivery services. Every marketing automation system supports email messaging and many support additional channels.

## Is Marketing Automation the same as Marketing Technology?

No. “Marketing automation” is sometimes used as an umbrella term for any technology used by marketers, but this is an error that causes much confusion. Marketing technologies that are not marketing automation include email, social media marketing, marketing analytics, sales automation, Web site management, search engine optimization, and advertising management. These are all narrower solutions that largely limited to message delivery. None maintain the comprehensive contact database that is part of marketing automation. Few have similarly sophisticated selection tools.

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## Does Marketing Automation replace human marketers?

No. The name “marketing automation” seems to imply the systems create marketing programs by themselves, but they do not. Marketing automation systems are really productivity tools that let human marketers accomplish more with less effort. The contact database saves marketers from manually assembling data each time they want to create a list or do an analysis. The selection tools make it easier to build lists than if marketers had to write extraction programs in languages like SQL. The execution tools provide simple interfaces for building messages and prebuilt connections to delivery systems such as an email engine or Web site. The best marketing automation systems do automate some repetitive tasks such as sending a daily welcome email to new customers or sending a sequence of nurture emails to the same group over time. But human marketers still set up those processes and monitor the results.

## Why is Marketing Automation useful?

Marketing automation lets marketers create the unified database, make selections, and deliver messages without relying on IT departments, graphic design shops, or ad agencies. This saves them money, lets them build more programs in less time, and helps them improve future programs by learning quickly from results. More succinctly: it lets them be better marketers.

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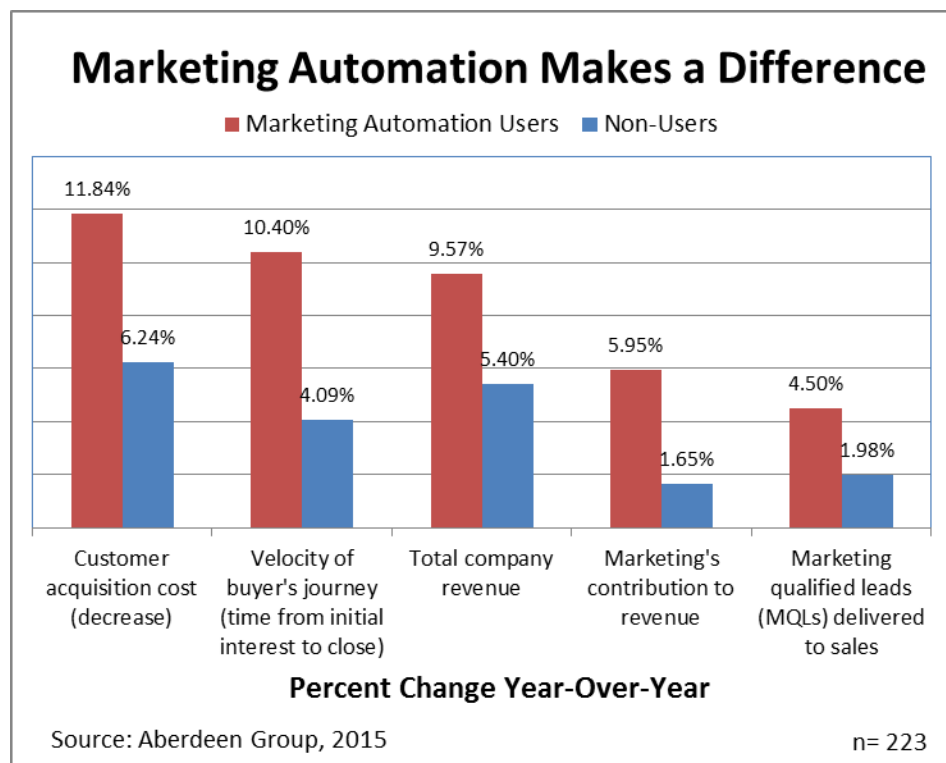
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## Why is Marketing Automation important now?

Today's marketers have more choices to make than ever before. They have more channels to reach customers, more interactions within each channel, more data about each interaction, and more offers to target with that data. Making the best choice in each situation can hugely increase profits compared with treating everyone the same. At the same time, customers now expect to receive highly personalized treatments, so companies that fail to tailor their messages to each situation may lose their customers altogether. Manual approaches cannot manage today's volume of channels, interactions, data and offers. Marketing automation empowers marketers to take full advantage of the possibilities.

## Has Marketing Automation been proven successful?

Definitely. The industry's growth is the ultimate proof because it's driven by companies that keep using marketing automation after they buy it and by marketers who buy it again after they change jobs. The main reason that marketing automation is still far from universally adopted is that too few marketers know how to use it effectively. The value received by experienced marketing automation users shows clearly in industry studies.



## How, exactly, does Marketing Automation differ from Email?

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Marketing automation is most often confused with email. This is understandable since email is included in marketing automation. But email systems are much more limited than marketing automation. A typical email system sends emails to lists that are created elsewhere and loaded into the system. These lists have little or no information about the contact associated with each email address. The contact record may include attributes that can be used for selection, such as a “previous buyer” flag. But contact records do not connect with separate tables such as the transaction records showing the date, amount, channel, and product associated with each purchase. Nor, in most cases, does the email system provide an accessible history of messages and replies for each contact across all channels. At best, the email system keeps separate contact and response lists for each email campaign. This lack of information greatly limits the targeting and analysis that can be achieved within email systems.

Most email systems assign a list of contacts to a campaign and then send a single email to the entire list. This is often called “batch and blast”. Marketing automation campaigns can send a sequence of messages over time, something called “multi-step” or “nurture” campaigns. The sequence followed by a particular contact within a marketing automation campaign might change in response to the contact’s behavior as the campaign unfolds.

More fundamentally, email systems are designed only to manage email, while marketing automation systems are designed to work across multiple channels. This is reflected in technical features such as availability of Application Program Interfaces (APIs) to integrate with other systems. In many cases marketing automation can also directly connect to other systems such as Web sites to deliver messages. Other multi-channel features of marketing automation include databases that import data from multiple sources and campaign builders that send messages through multiple channels.

## **How does Marketing Automation differ from CRM?**

Customer Relationship Management (CRM) systems are designed to support sales and service agents in one-on-one interactions with individual customers and prospects. To do their jobs, agents need to quickly find specific contacts in the database, view all their data, and make additions or changes. The data structure to achieve this is very different from the structure that marketing automation systems need to build and analyze large contact lists. This is why even vendors who sell both CRM and marketing automation usually run them in separate systems, although they may not advertise the fact. CRM systems also have very limited features for bulk list selections, multi-step campaign sequences, and messages outside of email, telephone, and field sales channels. Pricing of CRM systems is almost always based on the number of agents who will use the system, while pricing for marketing automation is usually based on the number of contacts in the database.

## **What are the basic features of a Marketing Automation system?**

We’ve already described some key features for marketing automation. Here is a list of basic features to look for. Because the label “marketing automation” is applied to many different kinds of systems, it’s important to check for these before you make a purchase.

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- **Contact database.** Look for pre-built connectors to CRM, Web sites, and ecommerce systems. The database should let users define custom attributes on the contact record, store a history of marketing messages and responses, and store details of purchase transactions. All data should be accessible for selections and analysis.
- **Campaigns.** Users should be able to design campaigns that are triggered by events such as a new contact entering the system or a form being completed. Campaigns should include multiple steps, executed in sequence and spread out over time. A step might send an email, change data on the contact record, send an alert to the CRM system, add the contact to the CRM system, remove the contact from the current campaign, or add the contact to a different campaign. In a basic campaign, all contacts follow the same set of steps.
- **Email.** The system should let marketers create personalized emails without coding in HTML, preferably starting from prebuilt templates. Emails should automatically include tracking tags that notify the marketing automation system and drop tracking cookies when the email is opened. It should be easy to embed links to landing pages and Web forms. These links should identify the originating email so the system can track response.
- **Landing pages and forms.** The systems should let users create landing pages and Web forms to receive marketing responses. Coding in HTML should not be required. Data entered into the Web forms should be loaded directly into the contact database. The system should also provide tracking tags that can be inserted into company Web sites, so marketing automation can capture behavior of visitors on pages the system did not create.
- **Reporting.** Basic reports include email sends and responses, landing page traffic, form fills, and campaign activities such as the number of people passing through each step. Other reports show database statistics such as number of contacts added and dropped, sources of new contacts, contacts by region or industry, and contacts with different activity levels (cumulative purchase amount, time since last purchase, time since last response, time on file, etc.)

## What additional Marketing Automation features might I want?

Basic marketing automation features may not be enough to meet your needs. Some advanced features you might find useful include:

- **Lead scoring and predictive modeling.** These use mathematical formulas to rank customers' likelihood of doing something. Lead scores predict whether a prospect will become a customer; other scores might predict promotion response, credit risk, churn risk, lifetime value, or purchase of a particular product. Some systems create the scoring formulas using statistical methods that require no user input; other systems ask the marketer to create the formula for herself. Scoring is a very popular topic but not as widely used as some other advanced marketing automation features.

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- **Branching campaign flows.** Multi-step campaigns in which all contacts receive the same messages are basic marketing automation feature. In branching campaigns, each step in the sequence includes a rule that determines what happens next. Rules are usually based on contact data or behaviors: a high-value contact might receive a phone call while a low-value contact might receive an email; a non-responder might receive a reminder while a responder is sent something new. But rules can also consider other factors, such as whether an offer has passed its expiration date, whether the promoted item is in stock, or whether the sales team has received its maximum number of leads. Branching flows can be difficult to set up and understand, so look carefully at the user interface if you expect to use them.
- **Push to other channels.** Most marketing automation systems can generate lists used for text messages, mobile apps, direct mail, social media, and other channels that send outbound messages. Static lists can also push messages for Web systems to display when a particular customer appears. This sort of integration requires special features to connect to the other channels. Pay careful attention to whether the marketing automation system sends the final message itself, a set of parameters that fill an external template, or more general information such as a product name for the delivery system to interpret. Which you need will depend on your situation.
- **Real time recommendations.** Some marketing automation systems can work with inbound channels such as call centers and Web sites to send messages as an interaction takes place. These are often product recommendations based on the customer's behavior before and during the current interaction. These recommendations require a direct connection to the delivery system so that marketing automation has information about the current session. They also require very quick response time. The recommendations themselves may be generated by predictive modeling systems, user-defined rules, or a combination of both. The recommendation process has many details that should be examined closely to determine how well a particular system would meet your needs.

## What special needs might I have because of my company size or industry?

Your company may have special needs that are particular to its situation. Here are some examples:

- **CRM integration for B2B marketers.** This is needed in nearly every B2B situation and in B2C situations with a large sales team. The most basic integration is to send contacts from marketing automation to be added to CRM. Most systems can also copy contacts from CRM to marketing automation so that CRM contacts can be included in marketing automation campaigns. Look for control over how data is shared: companies often decide they don't want marketing automation to overwrite CRM data because they believe CRM data is more reliable.
- **Custom database design for B2C marketers.** Most B2C marketing automation systems were designed to work with a custom database, usually based on a corporate data warehouse. By contrast, most B2B marketing automation systems were designed to match the data structure of

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a CRM system. This often means they are limited to a contact table, promotion table, and purchase table. They may also use the email address as the primary customer ID. Consumer marketers and some B2B marketers often need greater flexibility than this allows. Those marketers cannot use a B2B marketing automation system.

- **Detailed permissions management for large companies.** Marketing teams at large enterprises often include dozens or hundreds of members with responsibilities divided by region, product, function, and level. They may also work with external agencies and partners who need limited access to their system. Some marketing automation systems provide very detailed control over which users can access which materials and perform which tasks. But most marketing automation systems were created for smaller organization and do not offer such precise control.
- **Integrated CRM for small companies.** Most B2B marketing automation systems were designed to integrate with a separate CRM system controlled by the sales department. But at many small companies, marketing and sales are done by the same people. In this case, it's more efficient to run one system with both marketing automation and CRM functions. Some specialized systems offer this combination.

## How can I find the right system?

To find the right marketing automation system, you have to start by defining what you need the system to do. Then you can explore the available products, find one or several that seems appropriate, and explore those in detail until you are confident you have a solution that will really work for you. Once that happens, make the purchase, prepare carefully, deploy, and refine your program over time. Here's a closer look at each step in the process:

- **Define your goals.** Start by identifying the types of programs you expect to run with marketing automation. Then estimate the financial value of several major programs, including expected revenue gains and cost savings. You won't have precise information available but should be able to judge whether the gains seem roughly in line with the costs. Remember the real costs also include the time you might otherwise spend on other projects that could also benefit the company. As you're defining your planned programs, define the target metrics you expect those programs to meet. You'll use those later to evaluate your investment.
- **Identify functional requirements.** Work through the processes involved in executing your target programs. Identify the data, marketing materials, marketing staff tasks, changes in related systems such as your Web site, and cooperation you'll need from other departments. It's important to do this in detail both to identify any obstacles that would block your success and to get a clear picture of what the marketing automation system must do. The list of marketing automation tasks becomes your functional requirements.
- **Identify qualified systems.** Now you know your requirements, you can start researching possible systems. Draw on your own experience, experience of colleagues at your company and



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elsewhere, published resources, and the vendors themselves. The key is comparing the systems to your specific requirements, not generic feature lists. Define the steps to execute your planned marketing programs and have the vendors show exactly how their systems would execute those steps. Experience shows that systems fail because of small details that are unique to the situation – so dig as deep as needed to be sure you’ve covered the specifics. Also be sure to talk to references. Look for someone who’s using the system in a way similar to your intentions. It’s a red flag if the vendor can’t provide a comparable reference.

- **Do a pilot project if you’re still unsure.** Most of the work needed for a pilot (designing programs, connecting with source systems, etc.) is work you’d eventually do during implementation, so it’s not really extra effort. In fact, a pilot will make the implementation go more smoothly because you’ll have worked through many details in advance. The pilot also gives you a much clearer idea of what it’s like to use the system and to work with vendor. You want to uncover any problems before you make a commitment, not after.
- **Select a system, prepare carefully, and deploy.** Successful deployment depends on preparation. If you’ve identified your initial programs and perhaps done a pilot in advance, you’re off to a strong start. If not, you’ll have to work through all the planning and process issues now, in addition to designing your programs, creating new content, connecting to other systems, coordinating with other departments, training users, and testing that everything works. This is not a time to skimp so bring in outside resources if necessary. You can worry about saving money once the system is running smoothly and your business is starting to benefit.
- **Evaluate and improve.** Compare results of your initial programs to the goals you set at the start of the project. Hopefully you’ll meet the original goals or find other benefits that justify your choice. Don’t give up if there’s no immediate benefit: marketing automation involves many changes and it can take time to master the new approach. But be sure to continue to set goals and measure progress towards achieving them. That’s the only way to improve over time.

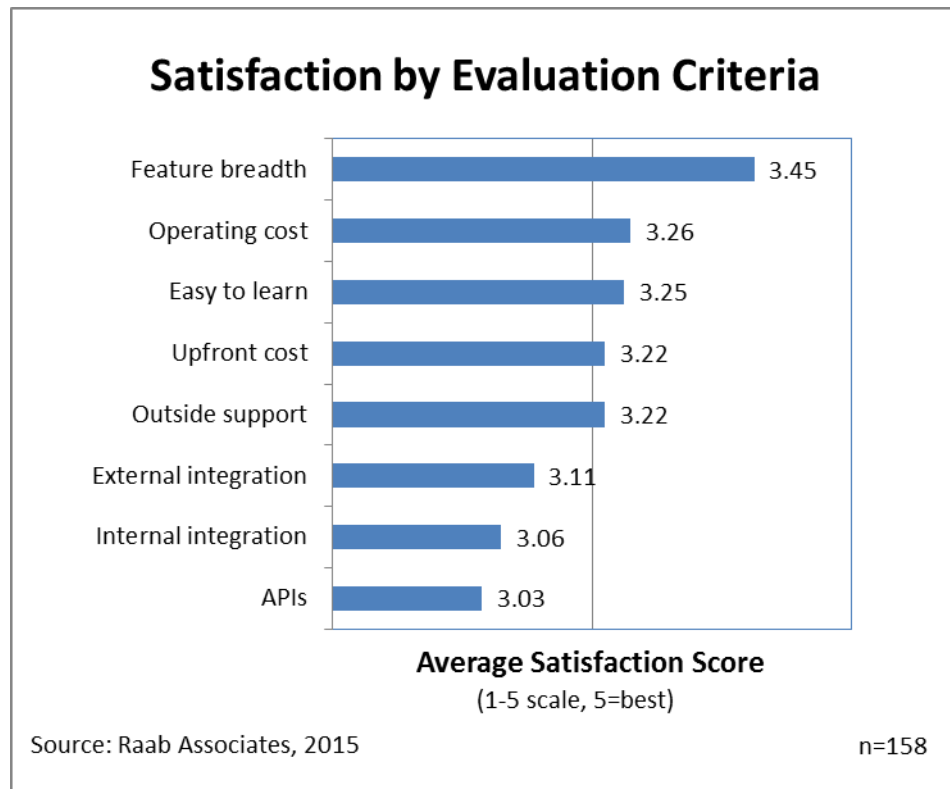
## What are the keys to success?

Raab Associates has helped hundreds of companies to pick marketing automation systems. Here’s what we’ve learned.

- **Picking a system based on features is the most important factor in success.** A system with the right features can run the programs you want. A system without the right features cannot. This seems basic but marketers too often base their choice on factors such as cost and ease of use or simply pick the first vendor they find. Focusing on these other factors may seem safe because all systems appear to do the same things. But they don’t.
- **The features you need depend on the programs you’ll run.** This is why the selection process must begin with defining target programs, which themselves ultimately depend how marketing automation fits into your larger marketing and company strategies. So you need to start at those strategic levels and work down to the details.

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- **The more preparation the better.** Identifying target programs and their required features is one part of preparation. But you must also identify data requirements, prepare content, define processes, train staff, integrate with other systems, and work to other departments. Failure in any area can doom the entire deployment. At best, recovering from an initial failure is more work than preparing correctly in advance. At worst, you won't recover at all and your entire effort will be wasted.

## Summary

Marketing automation is a powerful technology that gives marketers control over an increasingly chaotic customer experience. But results are not guaranteed: it takes careful understanding of your needs to pick the right system and careful preparation to ensure an effective deployment. Following a systematic process can ensure the marketing automation delivers the value it has provided to others and lays the foundation for long-term success.

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## About Raab Associates Inc.

Raab Associates Inc. is a consultancy specializing in marketing technology and analytics. Typical engagements include marketing architecture planning, business needs assessment, technology audits, vendor selection, results analysis, and dashboard development. The company also consults with industry vendors on products and marketing strategy

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