Marketing Automation

Why It Makes Sense
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Introduction

Marketing automation really makes sense. Many organizations are already finding this to be true. In reviewing what marketing automation is and analyzing the different benefits and opportunities that these tools bring it is possible to see what can be achieved with these systems and exactly why marketing automation tools make sense for all organizations. Marketing automation is no longer a tool exclusive to just a few organizations. Its rapid growth and assimilation in organizations has been impressive, and this growth is continuing to improve customer relationships at all stages of the sales funnel. Indeed, in 2012, Gartner reported that marketing automation would be likely to continue to be the highest growth segment of CRM, and that it would continue with a 10.7% annual growth rate right through 2016, so this interest in and trend towards marketing automation is set to continue. This report explains why marketing automation makes so much sense for organizations regardless of the type of business or industry.

What is Marketing Automation?

Before getting underway it is useful to understand what marketing automation is and how it differs from CRM. Marketing automation may be defined as software that is utilized for the automation of a variety of marketing processes like campaign management, customer segmentation and customer data integration. It can also be used for lead integration, cross selling and up-selling, increasing customer retention, relationship marketing and understanding the return on investment of marketing.

Like most types of automation, marketing automation allows processes to be performed in a more efficient manner, and at the same time it opens up opportunities for new types of...
processes to be carried out. Marketing automation tools reduce the amount of manual processes that have to be carried out in the marketing department. Tasks that previously took up a lot of time can be executed far more simply and swiftly, freeing up marketing employees to carry out other activities. This means that marketing teams get more for their money when they invest in an automation tool.

Marketing automation is carried out with software that is used to increase efficiency by streamlining and automating tasks that are carried out in marketing, and improving workflows. Commonly, marketing automation software programs include functionality such as lead management, lead nurturing, lead scoring, social marketing, integration with CRM systems, campaign management, landing pages, email marketing, resource management and marketing analytics.

Sometimes organizations are confused about what marketing automation is and they get it mixed up with types of email marketing. Marketing automation is different than email marketing or using email auto responders and it offers a lot more to businesses.

Marketing automation is sometimes confused with CRM, however the two are distinct. The emphasis of CRM is on collecting information relating to existing customer accounts as well as driving sales pipelines for new customers. However, marketing automation has a focus on enhancing communication between leads at an early stage, and scoring these to target energies appropriately so the highest possible number of leads are converted into customers. The overall objectives of CRM are arguably to help organizations better manage customer relationships and to find ways in which these can be extended. Meanwhile, marketing automation has a different goal, which is to assist marketers to enhance their targeting of customers as well as to improve communication with important leads. Marketing automation helps with personalization and communications on a one to one basis, and this is achieved
through tracking of prospects. The two systems do complement one another and information can be synched between the two, which has the excellent benefit of making sure that data and information that the business stores about its customers is consistent.

Reasons to Start Using Marketing Automation

Marketing automation takes a little time to implement and most companies will not see immediate results. However, with patience marketing automation success can help to create dramatic improvements for the business in a number of different areas. A study carried out in 2013 showed that there are a number of different types of activities that marketing automation systems are already being utilized for in organizations.

Figure: What companies use Marketing Automation For (Source: Schultz, 2013)
Lead Scoring and Lead Nurturing

As can be seen from the graph above, lead nurturing is one of the activities that organizations most use marketing automation for. One of the biggest benefits of marketing automation is the ability to nurture leads. What this means is that you can build relationships with potential customers that are not yet ready to purchase, but could be with more nurturing. Marketo (2013) states that nurturing “can result in 50% more sales leads at 33% lower cost per lead”. Lead nurturing has an end result of emails being sent to customers to encourage them to buy. This process helps them get to a state of “sale ready”. Particularly useful are behavioral tracking tools that show organizations the specific web pages that prospects visit. This can also indicate the types of content that prospects are interested in which can help organizations to understand which tactics to take when selling to customers and closing the deal. Messages that can be sent to prospects based on the information that they have reviewed in order to pique their interest. Because customers find this information to be highly relevant to them, they are more likely to purchase. By knowing when customers have taken action on an organization’s website and specifically the action that has been taken, this information can be fed to the sales team which enables sales to have better, more informed conversations with potential customers.

Lead scoring is also extremely helpful in helping organizations to understand which leads they should focus on. The automated process of lead scoring helps to review leads for their interest to the business.

This helps to separate really genuine potential customers of interest from those that may have been carrying out research and who are not really interested in buying, for example. The most qualified leads – those with a higher score – can be targeted, and this focus saves marketing and sales effort that would otherwise be expended on unlikely targets.
Increasing Revenue

One of the most important overall benefits of marketing automation and at the same time one of the biggest reasons why marketing automation makes sense is the increase in revenue that is possible when these systems are implemented in an organization. This is achieved with marketing automation systems for a variety of different reasons. One of the most significant is the ability to work with leads and consequently to manage to achieve greater conversions of sales which in turn leads to increased revenues for organizations. Through achieving greater lead conversion through a marketing automation system it is also possible to more clearly see what has worked in nurturing leads and focus on these approaches in the future, saving time and money for the organization. This means that efficiency increases also.

At the same time, marketing automation systems offer marketers the ability to better focus on cross selling and up-selling activities to get existing customers to buy more. This is achieved by better understanding specific customer needs through having all customer information accessible via the same system, which is also linked up with the organization’s CRM system. Ultimately increasing revenues can have the additional impact of increasing profitability, which is a major reason why marketing automation systems make sense for most organizations to implement.

Consolidation of Multiple Systems

Marketing automation has proved particularly useful for the task of consolidating different types of marketing systems or repositories of customer data and bringing them altogether into one system. For example, many organizations have
different systems that are used for web analytics, marketing via email, dealing with landing page marketing and also social media marketing. Marketing automation allows companies to get rid of these varied different systems and work within one system for marketing activities.

Because information about potential customers is all stored in one system this means that it is easier to carry out CRM activities too, since once relationship can be managed with the customer from the time that they come into the system as a lead through to the stage when they purchase with the company and during any after sales processes that take place. In many cases marketing automation tools can be integrated with CRM systems to help with this. This is also possible to achieve when organizations have built their own CRM systems in-house. All of this is important because it helps organizations tie together the different activities that they are undertaking with regard to customers, to make sure that everyone is focusing on the same overall goals and that what one team is doing does not conflict with what another team is doing in the business.

**Competitive Edge**

Many companies have already implemented marketing automation systems. In 2013, research analyst Gleanster provided an estimate that 20,000 companies already use marketing automation. If your competitors are not already using marketing automation tools then this is a good time to get ahead of them. If they are already using these tools then your organization is playing catch up. This is true of both B2B and B2C businesses. One study has shown that 75% of B2B companies in the US have already been using marketing automation for more than one year. Research has shown that many companies are already purchasing marketing automation systems specifically for the purpose of keeping up with their competitors.

Nonetheless, many organizations are still not benefiting from the opportunities that marketing automation brings. A report from Salesforce in 2013 found that:
• 68% of companies have not identified or attempted to measure their sales funnel
• 65% of companies have no defined process or toolset for lead nurturing
• 78% of marketing leads do not get converted into sales
• Only 56% of companies have a qualification system for marketing leads

These figures show that there is still plenty of scope for organizations to gain competitive edge through implementing a marketing automation system. However, if the uptake of marketing automation tools continues in the way that Gartner has predicted then the window for gaining this competitive advantage is very likely to soon pass. Organizations should jump on this opportunity as soon as possible if they wish to stay ahead of their competitors.

**Improve Customer Relationships**

Clearly, marketing automation can work to better understand customers and this can help to improve an organization’s relationships with these customers. Through understanding what customers want and what their main areas of focus and interest are, conversations with customers can be optimized to emphasize areas that are of interest to those customers. This means that customers are more likely to feel as if the business really understands their needs. The business will indeed better understand the customer’s needs because it will have more information stored about customer preferences from all the way through the sales funnel to the point when a prospect became a customer, and beyond. Smart organizations are also able to link this to customer service too, since a history of information about what customers are really looking for from a company, based on understanding the customer’s activities in the run up to the sale can be used in dealing with maintaining the customer relationship later. If for example, a customer clicked on a white paper relating to a specific subject then this information can be stored about the customer. Customer service representatives can use this same information and understanding about the customer later to provide better service. This has the net result of improving the relationship between the customer and the organization.
Improving the Link Between Sales and Marketing Functions

There is often a tension between sales and marketing. One side blames the other for not following up on leads that were provided. The other says that the leads that were provided were not good. This is a never-ending source of frustration in many organizations. Marketing automation tools really help with improving this situation as the system is able to provide ratings for prospects based on the ways in which they interact with the company’s website, among other activities.

This provides information to sales which helps sales people to know where they should better invest time to be able to sell to customers. It also shows sales people clearly which of the leads are not worth wasting time on, such as students researching for academic papers and other website users that are not necessarily interested at all in purchasing an organization’s products or services. Poor leads never need to even be passed on to sales at all, and instead sales can focus on the leads that are really likely to turn into customers.

Marketing automation tools provide greater visibility with regard to the activities and performance of both sales and marketing teams, and this shows managers where things are working well and where improvements are needed. This too helps to increase operational efficiency and effectiveness in sales and marketing teams. Consistency and alignment can be achieved between the activities of both the sales and the marketing teams which helps with better organization, communication and collaboration between the two functions. The exchange of information in particular can be much improved with marketing automation systems in place. All of this is really helpful for driving up the return on
investment that can be achieved from both sales and marketing functions in the organization.

In terms of the specifics of the different activities that marketing and sales teams perform, marketing automation ties the two departments together. From the marketing side lead qualification can be automated and the assignment of leads can be automated. Revenues can be better linked to specific campaigns, and targeted messages can be sent to customers. From the sales perspective it is possible to understand prospect behavior through behavioral tracking, to get real time alerts on prospect activity, to nurture customers and to find all the data needed to close the sale in one place. The combination of all of these activities helps to create efficiencies in the sales process to the advantage of both functions.
References


