THE MARKETING AUTOMATION BUYERS’ GUIDE

By Chris Bucholtz
Executive Summary

The last decade has seen remarkable acceptance and a tremendous evolution of marketing automation software. From its humble origins as a method for controlling emails, marketing automation has expanded into an indispensable tool for marketers hoping to scale their efforts while at the same time providing personalized messages, tracking responses and performing lead scoring to deliver ready-to-buy leads to sales at exactly the right time.

There is an assortment of fully-featured solutions on the market, and the essential features of each are basically the same. Thus, marketing automation buyers face the challenge of discerning which vendor provides the best option for their companies based on peripheral criteria – complexity of use, ease of integration and adoption, and other areas. But there are two often-overlooked criteria that can spell the difference between a successful choice and a stop-gap that must be replaced after a short time.

First, the marketing automation solution should not reinforce data silos within the organization. It must not be the sole purview of the marketing department. Many marketing automation solutions are selected, purchased and used this way; this inadvertently creates a data silo by cordonning off sales from data about how leads are collected and how prospects respond to marketing efforts. This tendency is mirrored by sales’ use of CRM or sales force automation, which effectively shields marketing from seeing what happens to leads once sales begins working them. This situation makes it easy for the two sides to point fingers and hard to remedy the process defects that need to be fixed for maximum sales effectiveness.

Second, a marketing automation solution should be easy to use – so easy that sales can use it as well. First-generation marketing automation applications required extensive expertise to operate them, making the “guru” who knew the ins and outs of the software an operational bottleneck. A truly productive, modern marketing automation application should be usable by everyone in your business – including individual marketers and even sales reps, who can use it to reach out to groups of prospects they’re working with.

Our guide will examine the must-have features for any viable marketing automation system, the differentiators that should drive your choice, and the opportunities these systems provide to companies to change the marketing equation in their businesses.
Marketing Automation Essentials

Like any business technology, there are some things that any viable marketing technology application must have. That said, calling them “the basics” is a misnomer – these features often provide capabilities which would otherwise be impossible, or they introduce concepts that businesses never before considered. Here’s a short list of these must-have features and the reasons they’re so important for modern marketers.

Feature: Email Marketing

**What it is:** The most elemental of marketing automation features, email marketing allows marketers to create and manage automated email marketing campaigns. These messages can be tailored to different audiences, including both prospects and existing customers, and responses to these messages can trigger other events in the marketing and sales process. Good email marketing tools also help prevent marketing campaign emails from being diverted into recipients’ spam filters.

**Why you need it:** This is the foundation for automating your marketing processes. It allows you to scale your marketing efforts and, more importantly, to start receiving and recording data about how your prospects and customers are reacting to those efforts.

Feature: Lead Nurturing

**What it is:** Not every lead enters your system ready to buy. In order to determine when that time may be – and to perhaps accelerate that time’s arrival – lead nurturing uses targeted campaigns to continue your company’s engagement with a lead, and to examine reactions to those campaigns in order to understand when a prospect’s interests in making a purchase has changed. This might include the ability to examine responses to off-line marketing channels as well as online interactions.

**Why you need it:** It works. Not that many companies have instituted lead nurturing – according to MarketingSherpa, 65 percent of businesses lack any form of lead nurturing program – but those who have realize dramatic returns from their investments. A study by Forrester Research found that companies that excel at lead nurturing generate 50 percent more sales-ready leads at a 33 percent lower cost than do other companies. And The Annuitas Group found that nurtured leads make 47 percent larger purchases than non-nurtured leads that close. Contact with leads over time works.
Feature: Website Behavior Tracking

**What it is:** A system for understanding and monitoring the presence and behavior of people using your website. Tracking technology can keep track of who's on your site and on which pages, correlate their latest visit to past behaviors, and even detect and record behaviors that affect their lead scores, moving them from the “prospect” category into a lead and passing that information to sales as warranted by their activities.

**Why you need it:** Only about 2 percent of web visitors make their presence known by filling out forms submitting feedback. That means that the other 98 percent are using what most companies assume is their chief lead generation tool anonymously and without any means to examine patterns of usage and their correlations to readiness to buy. A DemandGenReport white paper concluded that, by failing to track website users, a $50 million company imperiled $14 million in sales each year. If you implement a website visitor tracking solution, you can develop a far better picture of what resources prospects are using, create use profiles of anonymous visitors that can be attributed to prospects when they eventually make contact, and drive real ROI from your website efforts.

Feature: Audience Segmentation

**What it is:** Using traits, interests, demographic information, behaviors and stage in the buying cycle, segmentation separates prospects into distinct groupings that allow you to tailor your marketing messages with greater precision. Good segmentation functionality provides a horizontal selection of segmentation characteristics built into the system and then makes it easy for marketers to introduce elements to their campaigns that reflect the unique qualities of their target customers.

**Why you need it:** You need to go beyond personalization. Segmentation done right allows you to provide content of value to all your customers, based on their vertical market, their progress in the sales cycle and personal data about them as specific types of customers. It enables you to reach members of your lists with the proper messages and to deliver what is most meaningful with every contact.
Feature: Lead Scoring

**What it is:** As prospects interact with your website, your marketing emails and with your company in a host of online and off-line venues, lead scoring assigns values to these activities to evaluate their readiness and likelihood to buy. A prospect may enter the system with a score based on demographic data and that score may change – up or down – based on activities. If a prospect’s score reaches a pre-determined threshold, the lead is usually passed to sales.

**Why you need it:** Lead scoring is a proven winner – for sales as well as for marketing. According to MarketingSherpa, on average, organizations that currently use lead scoring experience a 77 percent lift in lead-generation ROI over organizations that do not use lead scoring. It lessens the load on marketing and, if sales and marketing collaborate on the scoring system, can result in a more closely-aligned sales operation and fewer conflicts over which leads are passed to sales.

Feature: Real-Time Alerting

**What it is:** A system that sends alerts to sales when a potential customer’s readiness to buy changes based on his or her activities, allowing sales to contact the lead when his or her buying interest is high. Tied into the lead scoring function, this feature can also help marketers understand which campaigns are receiving unusually positive or negative responses, allowing them to make changes quickly.

**Why you need it:** Leads get cold fast. Research from Harvard, Northwestern University, MIT and others show that web-generated leads convert 22 times more often when you make contact within the first five minutes. Another report, from South Korea’s Sungkyunkwan University, found that companies that contact potential customers within an hour of receiving queries are nearly seven times as likely to have meaningful conversations with key decision makers as firms that try to contact prospects at even the two-hour mark. Yet only 37 percent of companies respond to queries within an hour. Alerting gives you a tremendous advantage if you are sufficiently nimble to take advantage of it.
Feature: A/B Testing

**What it is:** Statistical jargon for a randomized experiment with two variants, A and B, which is used to establish best practices or to evaluate different approaches. In marketing, it can be used to see what messaging works best, what offers convert more frequently and what call to actions receive the most responses.

**Why you need it:** In a creative endeavor like marketing, having the data on your side is always helpful. Making refinements to your marketing approaches based on your best guesses is never as effective as using real-world feedback to justify which approach you choose. A/B testing enables you to understand what works best, create best practices for marketing messages and campaigns, and to reality-check your ideas; it can be applied to everything from graphics details of your emails, to messaging, to the time of day emails are sent.

Feature: Campaign Reporting

**What it is:** A tool for monitoring and quickly understanding the success or failure of a campaign and its assets. Often presented in dashboard fashion, good campaign reporting allows marketers to adjust campaigns on the fly and react to customer data to improve response rates.

**Why you need it:** In the past, marketers had little choice but to set up campaigns and let them run their course with little visibility into their incremental impact on lead flow. That's not an option today – the opportunity cost of a failing campaign can represent the difference between marketing meeting its goals and falling flat. Reporting allows marketers to confirm their campaigns are targeted properly and built around the right offers, and if they're not it helps them correct problems before they take a major toll on lead generation.

Feature: CRM Integration

**What it is:** Built-in ties to CRM that allow data generated by marketing automation to be added to customer records within CRM, and to allow CRM to become the medium through which alerting and other functions enabled by marketing automation reach sales staff. Integration with CRM also allows leads discovered by sales through prospecting to be automatically fed back into the marketing automation solution so they can be managed and nurtured in a uniform manner as marketing-generated leads.

**Why you need it:** CRM is the system of record for all customer data, and without integration the data collected through marketing automation exists outside of the greater context of the entire customer record, making it harder to take action on it and making it impossible for marketing automation to deliver its full value.
Feature: List Management

**What it is:** Once you’ve divided prospects and customers into segmented groupings, you’ll find yourself with several lists. These lists may overlap in some places. List management allows marketers to make updates to a contact once that then populate all segmented lists.

**Why you need it:** Managing multiple lists manually intensifies the process of updating, de-duplicating and removing dead leads; it can also make it tough to manage prospect changes that may result in a contact migrating from one list to another. Automating the process allows the software to make changes and, more importantly, find where those changes should be made across multiple mailing lists.

Feature: Website Conversion Add-Ons

**What it is:** Plug-ins to your website that help with conversions. For example, a plug-in might add a dynamic toolbar to your website to highlight specific content assets and webinars, or it might include a box that prompts the visitor to click for a live chat with a representative.

**Why you need it:** Standard form fill rates remain low, despite marketers’ best efforts. Plug-ins like these can capture the attention of visitors who are “shopping around” and would not fill in a form and engage them to help conversion rates increase.

Feature: Social Media Management

**What it is:** A set of tools to help monitor and respond to messages in social media and to act on them when appropriate.

**Why you need it:** These tools automate a host of activities and multiply your marketing team’s social media impact. These tools enable your staff to schedule tweets and posts, view reports on social media responses and sentiment about your company, and incorporate social media discussions into the histories of your prospects and customers to improve the likelihood of a deal or an up-sell and to detect patterns that suggest a defection may be near.
Steps to Success Before Buying Marketing Automation Technology

No technology is, by itself, a cure-all for significant issues within an organization. To succeed, you need to lay the groundwork with your people and your processes so technology helps you automate the right things.

1. **Know your needs:**
   All marketing automation solutions are not created equal. You need to choose the solution that’s the best fit for your organization, and that means you need to examine how well your marketing efforts are working today and assess where they can be improved. Look for the pain points, missed opportunities and the areas calling for improvement. By doing this early – before you buy technology – you’ll have a good idea of what features are most important and, thus, should be top priority in your technology selection process.

2. **Understand your marketing staff and its processes:**
   Unless your staff is ready and eager to use a marketing automation solution, your investment will be wasted. Fortunately, most marketers now have their processes well established and are quickly able to see how they map to a set of automated functions. If they can articulate those processes, it will help you select the right solution and get them ramped up and productive more quickly.

3. **Determine how deeply your marketing automation must integrate with the rest of your organization:**
   Are you planning to run marketing automation as a purely departmental application, or are you planning to integrate it with CRM, SFA, and other business systems? If it’s the latter – either now or in the future – now is the time to know this and plan for it.

4. **Learn sales’ definition of a qualified lead:**
   You’ll never be able to pass qualified leads to sales unless you understand what that term means to your sales team. Similarly, you’ll never be able to use marketing automation to identify qualified leads from the rest of your prospect contact list without knowing this definition. Working from a common vernacular means that your marketing automation solution will deliver greater value, faster.

5. **Assemble your list of “must-have” and “nice-to-have” features:**
   When you’re examining possible solutions, avoid engaging in what has become known as “a features bake-off.” That exercise involves looking at lists of features and deciding a winner based on what vendor offers more of them. Frequently, that approach omits a discussion of how well those features are done, and worse, can results in decisions being made based on features that aren’t really important to the business. Instead, know what features are must-haves for your company and for your plans. Supplement it with the next tier of features, ones that promise value to your organization in less important ways or which will make a big difference as your marketing matures. Doing this will allow you to make your comparison in the context of your company, emphasizing things that are vital to your business’s success.
Cost Considerations

Automation is the only way to scale up marketing operations without also increasing headcount, making it an attractive investment. Frost & Sullivan predicts the total market for marketing automation will swell from $906.9 million in 2015 to $14.51 billion in 2020. Of course, no individual business wants to help that number grow too much – which is why it’s important to understand the true cost of marketing automation.

The real costs depend on whether you opt for on-premise or on-demand (or SaaS, or cloud) delivery of your software. On-premise software is managed on your servers, by your IT team; you pay up front for it (with an annual maintenance charge), and the responsibility for maintenance, security, back-up and updates is all yours. You’ll also pay for upgrades and a recurring license fee.

With cloud-based applications, you pay on a monthly basis (usually, as part of an annual contract); hosting, maintenance, security, back-up and updates are handled by the software provider. Over time (generally, about three to five years), cloud-based software license costs will exceed the costs of on-premise applications’ license costs, but on-premise software still requires an ongoing investment in IT hardware and talent that often tips the scales back in favor of cloud-based options.

**Integration:** integrating your marketing automation application will bring additional costs. These can be mitigated somewhat by buying marketing automation software that’s part of a software suite, or by buying an application that includes APIs that facilitate easier integration.

**Training:** instructing your marketing (and sales) staff on the right way to use marketing automation adds to the final price tag of a marketing automation implementation. In too many cases, the investment in training is seen as a place to scrimp and save money. Resist this temptation. Failure to properly train your staff often translates into a failure to gain adoption, and your investment will take a hit that far exceeds any savings you realized by reducing training.

**Support costs:** premium support services often come at a cost. Examine your business’s needs for support in terms of availability – do you need 24/7 support, or are there times when support can wait? Is there a format you want, like a live agent, or could text or email support work? Do the research to find the level of support you need, and budget accordingly. As with training, getting less support than you need can lead to unpleasant results.
Defining ROI

The ultimate return on investment metric is the bottom line – have sales, revenue and margin increased? This is a good barometer for the health of the entire business within its market, but it’s difficult to isolate marketing’s contribution to this number, and that makes the bottom line a potentially misleading indicator of how well a marketing automation investment has paid off.

Instead, focus on metrics that provide more direct insight into how well the marketing automation solution is performing. These metrics will vary from company to company based on marketing’s goals, but some of the more common measurements include:

- Number of Sales-Qualified Leads
- Time to Lead Qualification
- Number of Leads Qualified via Nurture
- Churn Rates
- Average Order Size
- Cross-sell Ratios
- Speed of Leads Through the Pipeline

If these metrics are trending up, it should be easy to demonstrate the effectiveness of your marketing automation investment.

Getting Sales in on the Act

In too many cases, business software is purchased simply to service one silo of the organization. That isn’t the intent, usually, and it’s never articulated that way, but it often plays out that way: sales force automation is contained within sales, financial software is used only by finance, and so on. Often that makes sense – but in the case of marketing automation, it does not. The insights marketing automation provides go directly to sales, so sales has a stake in its effective operation.

Similarly, marketing needs sales to be involved if marketing automation is to work at its best. For example, a sale rep’s prospecting may uncover some promising prospects. If these prospects aren’t ready to buy today, are those prospects best served by sitting on the rep’s desk, or by going into the marketing automation system to be nurtured, educated and monitored?

Having sales intimately involved in the marketing automation system also gives them the ability to discover additional context about their leads. Sales can understand what the lead’s buying journey has looked like before making contact with the lead; they can see the way the lead was discovered, and understand how long the lead has been working on a buying decision.
Lead intelligence is one way sales should be able to use marketing automation, but sales can also use it even more directly. Once trained, reps can use marketing automation to market to and monitor their own leads, segmenting them and nurturing them the way marketers do for as-yet-unqualified leads. This capability offers sales reps the same productivity gains that marketers get from the software – instead of sending content or emails on a one-by-one basis, the sales rep can send it to segments as small as two leads, and then understand how the lead has interacted with the content.

Conclusion

Marketing automation applications have come a long way from their email-based beginnings, but their use within sales and marketing organizations has tended to remain the same – that is, they’ve been kept within the walls of the marketing department as a silo’ed solution. In order for this technology to fully deliver on its promise, that needs to change.

The choice of a solution matters a great deal in achieving that change. The application must be easy enough for all marketing – and sales – personnel to use. It should be integrated with CRM and with other software systems that assist sales and marketing. And it needs to be strong in the features your business depends on most for its marketing plans.

Learn More

- Why Your Sales Team is Vital for Lead Scoring Success - and Vice Versa
- Gleanster Deep Dive: Pre-Purchase Checklist for Marketing Automation
- Marketing Automation: How to Get Started - Guide
- CallidusCloud Marketing Automation – Product Tour
- CallidusCloud Marketing Automation – Free Trial