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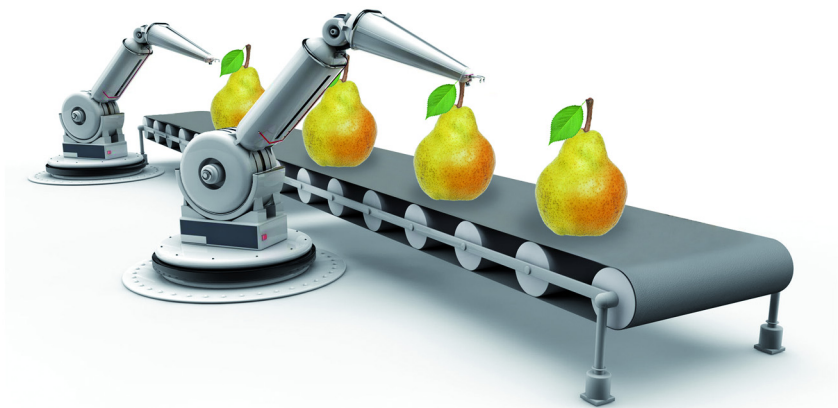
no. 3(9)/2013

research
for future

september 2013

MARKETING AUTOMATION PROCESSES AS A WAY TO IMPROVE CONTEMPORARY MARKETING OF A COMPANY

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Witold Świeczak, M.Sc. Eng.
Institute of Aviation in Warsaw, Poland

Abstract

The main aim of this article is to identify the possibilities which are given to contemporary companies thanks to the usage of processes included in marketing automation system. This publication deals with the key aspects of this issue. Its shows how the importance of the organization changes, how its value increases, as a result of using the tools which are provided by the processes included in the concept of marketing automation. This article defines the factors and processes which influence an effective course of actions taken as a part of marketing automation. Because the concept of marketing automation is a completely new reality; it is giving up the communication based on mass distribution of a uniform contents for really personalized individual and fully automated communication. This is a completely new idea, a kind of coexistence, in which both a sales department and a marketing department cooperate with each other closely to achieve the best result. It is also a situation in which marketing can definitely confirm its contribution to the income generated by the company. But marketing automation also means huge analytical possibilities and a real increase of a company's value, its value added generated by the system — the source of information about clients, about all processes both marketing and sales, taking place in a company.

The introduction of marketing automation system alters not only the current functioning of a marketing department, but also marketers themselves. In fact, everything that marketing automation system provides, including primarily accumulated unique knowledge of the client, is also a critical marketing value of every modern enterprise.

Keywords: marketing automation, lead generation, lead nurtuning, index ROMI

Introduction

The main goal of this paper is to identify possibilities that marketing automation systems offer to modern organizations. The paper shows that marketing automation processes can enhance an organization's status and increase its equity. The author has defined factors and processes that increase the efficiency of activities involved in marketing automation. Marketing automation ushers in totally new reality where communication based on mass distribution of a universal message has been superseded by personalized and fully automated contact with the customer. The marketing automation concept is centred on the fusion of sales and marketing departments coupled to produce the best results. At the same time, marketing automation systems validate the contribution of marketing efforts to profits generated by the company. Marketing automation means greater analytical capabilities, growth of a company's equity and added value of knowledge about customers and all organizational processes.

The Essence, definition and concept of marketing automation

Every industry faces a number of challenges and tasks. One of the most important is to build lasting customer relationships based on reciprocal communication. In the time of slow economic growth customer acquisition is becoming an issue of ever increasing importance. The effective process of customer acquisition involves the ability to acquire new customers, to optimize customer acquisition costs and to encourage the customer to make a purchase.

Universal access to the Internet, advancement of new technologies, expansion of mobile gadgets and continuously changing marketing models all combine to emphasise the need for integrated marketing automation systems in running effective promotion campaigns.

This ever widening spectrum of possibilities was discovered ten years ago by US marketers and led to the development of systems for monitoring the behaviour of e-mail recipients in the scope considerably larger than measuring simple e-mail click-through or open rates. This was how marketing automation systems originated. Marketing automation software tracks the behaviour of e-mail recipients on a given site. The information obtained allows for identifying recipients' needs and pinpointing the most interesting elements of the company offer from the point of view of prospects. Thanks to this information it is possible to tailor the marketing message to the needs of an

individual prospect and, additionally, to increase the message impact by choosing the right time to send it.

"A marketing message should attract attention and be easily memorable. It should also be bald and original and at the same time natural and rational. The most effective messages are clear, simple and concise. The message should inform about product features and at the same time sound true and trustworthy. It should express confidence, respect the recipient and inspire positive sentiments. It mustn't be aggressive. As a result it is supposed to comply with moral and social norms of behaviour, public opinion and law."[2]

Today the Internet has become an integral part of consumer experience, the place where products and services are actively sought and directly bought. "Shopping decisions of as many as 90 per cent of buyers are preceded by online research while 70 per cent of buyers track each successive stage of the sales process through dedicated software or e-mails. Clearly, the Internet is today the central battle field where companies fight for profits. Researchers at Gartner predict that by 2020 up to 85 per cent of customer contacts will have been happening without the need for face-to-face meetings."[15]

A company's website is a major influence on brand personality, intensifying consumer experience by means of integrated media that use the synergy of words, image, colour, sound and movement. A company's website should be user-friendly, have a clear structure and present information and in a comprehensible and accessible way. The most effective websites understand their customers and know their needs. Content is presented in an intuitive way rather than reflecting an institution's organizational structure.[7]

Expressed in simple terms, marketing automation is a technology that allows companies to streamline marketing processes, better organize marketing tasks, fully automate marketing strategies and precisely measure their effectiveness, leading to increased return on marketing investment (ROMI).[8]

The goal of the marketing automation system is to automate repetitive marketing tasks. Company-generated content can be provided to prospects by a range of media including e-mail, social networks, specially designed landing pages or webinars. Messages reach prospects at an appropriate stage of the purchasing cycle.[16]

Marketing automation capabilities include:
- maintaining databases of current and prospective customers and mailing lists,
- monitoring and analysing customer behaviour in mobile applications and on given websites,

- segmentation of prospects by age, sex, place of living, interests, etc.,
- e-mail monitoring (measuring open rates),
- management of B2B visits — identifying companies visiting the website,
- automated management of marketing activities.[17]

Marketing automation systems offer companies a wide range of possibilities. It is possible to reach out to prospects using multi-channel communication including e-mails, text messages, audio and video messages, and, finally, through social media or websites, which generate content in the most dynamic way.

A typical marketing automation system offers a number of functionalities with reference to both monitoring and reacting to the behaviour of leads.

The most popular marketing automation functionalities include:

1. **Acquiring quality sales leads.** Marketing automation software allows tracking a prospect's behaviour on the net and makes it possible to say how the website was reached by a given prospect, which content has generated the greatest interest and what information, product or services are sought by the prospect. This information enables constructing a relevant offer, whose goal is to attract a prospect's interest and induce them to give their contact data.

2. **Lead segmentation.** Marketing automation processes analyse customer information in terms of customer interests, demographics, or the readiness to close the transaction, taking into account the individual character of customer needs and expectations. This analysis yields personalized customer data used to design an advertising message which is better tailored to an individual customer's needs and expectations.

3. **Running effective advertising campaigns centred around relationship marketing.** At the heart of relationship marketing is creating and nourishing a reciprocal bond with current and prospective customers. With high numbers of customers maintaining individualised customer relationships may pose a real challenge. Marketing automation tools enables marketers to precisely identify needs of individual customer, eliminating the risk of mistake and bringing significant time and work savings.

4. **Effective cross-selling and up-selling.** Both cross- and up-selling processes can be streamlined by using marketing automation software which provides quick access to prospect databases and helps construct personalized offers.

5. **Precise measurement of the effectiveness of marketing activity and ROMI.**
Marketing automation tools enable a more accurate measurement of an advertising campaign's effectiveness and a better estimation of the return on the marketing investment. Marketing automation software can be used for example to calculate sales lead acquisition costs, number of prospects converted to leads and sales as well as to measure the effectiveness of individual marketing channels and website content attractiveness. Analysis of the data obtained helps optimize marketing activity by modifying or terminating less effective campaigns and introducing improved solutions.

The growing interest in marketing automation seems to be indicative of the appearance of an entirely new area of marketing activities. The new possibilities are shifting customer communication towards one-to-one contacts, validating the contribution that the marketing department makes to a company's value.

Changes in customer communication relate first and foremost to the possibility of tracking customer behaviour on a website and creating personalized messages. Marketing automation tools enable marketers to track a customer's journey to online purchase from the first visit to a company's website to making a purchase. The customer journey starts with a prospect clicking on an e-mail message, filling in a registration form, or reacting to any other company-generated content, and ends with closing the deal. Marketing automation systems can track the whole process while data gathered is used to build a customer profile. Tracking the customer journey enables marketers to determine the effectiveness of solutions used and choose the best one.

Marketing automation systems make it possible for marketers to send personalized, non-invasive messages at the right time. Marketing automation replaces mass distribution of messages with one-to-one communication without compromising the quality of the marketing process. Solutions provided by marketing automation can be also employed by sales teams. Sales people can access information about a prospect's needs and interests ahead of initiating direct contact by phone or in person. Information made available by marketing automation systems enables sales people to prepare for a conversation with a prospect.

According to a report conducted by eMarketer, *Email Benchmarks: Key Metrics and Trends for 2013*, opening rates for marketing e-mails seem to be at a historical peak. The most remarkable increase, by 8% compared to the analogical period in 2011, has been noted for opening rates via mobile phones (smart phones).

Picture 1. **Growth of open rates for marketing e-mails for three types of devices**
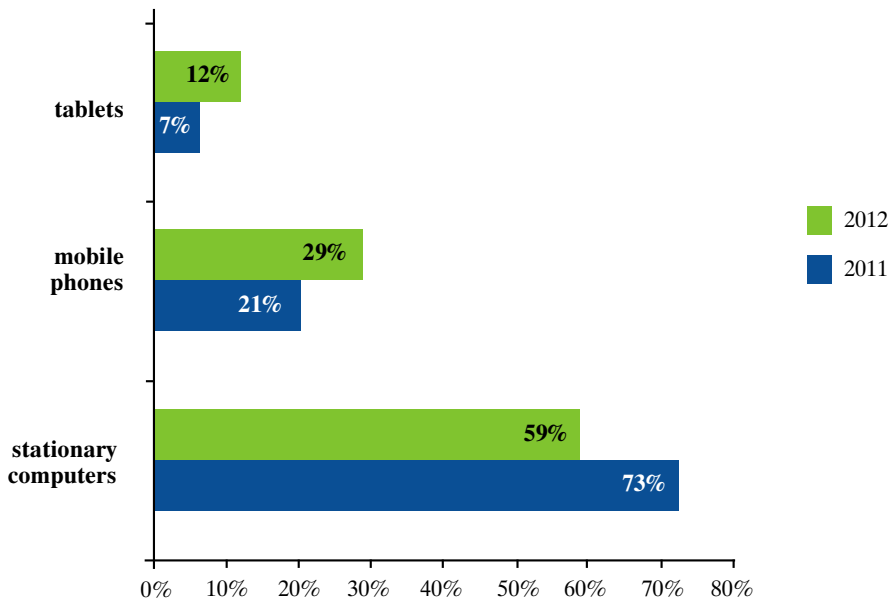
Source: Knotice, *Mobile Email Opens Report*, April 2012 and February 2013.

Moreover, the report points out that opening rates are higher for personalised messages generated with marketing automation tools, reaching the rate of 50% in the first quarter of 2013.[10]

The main components
of the marketing automation process

● **Lead generation**

The main area of activities relating to marketing are platforms offering complex services for advertising campaigns designed with marketing automation tools. The overall goal of these platforms is to facilitate lead generation, which is the most important process of modern marketing.

Lead generation is a marketing tool used for acquiring new customers. In simple terms, a lead is a person or a company interested in buying a product or service. So a lead is a prospective customer or a new market for an organization.[19]

Leads are characterized by different levels of purchase intent. We distinguish three types of leads correlated with the level of purchase intent:

- Hot or short leads have the highest level of purchase intent. A prospective customer expects to buy outright while the transaction is closed in the shortest possible time.
- Warm or lukewarm leads are prospects interested in specific products or services. The transaction however may be delayed. Warm leads can be converted to hot leads through the company's efforts to sustain communication with prospective buyers.
- Cold or long leads refer to prospects who at a given moment are not interested in any product or service. However, they can be potentially converted into buyers since they fit in with the target customer profile. Cold leads do not require the sales department to take an immediate action. In the long-term perspective, cold leads can be converted into sales by going all the way to lukewarm to hot leads.

Lead generation starts with obtaining contact data from a prospect interested in a given industry, product or service. Until recently this process involved traditional methods such as telemarketing, advertising, product presentation, word of mouth and referrals.

The internet is becoming an increasingly popular source of information. In Poland, nearly half the nation or about 17 million people are internet users. Some 80 per cent of them rely on the Internet for obtaining information about products and services. Lead generation tools have had to accommodate this expansion, leading to growing popularity of web-based platforms such as services sourcing leads from multiple channels, lead generation databases, SEO and SEM, and applications for sourcing leads from the Internet.

The pressure to acquire an ever greater number of new customers in the shortest possible time is increasingly causing organizations to outsource lead generation to external companies. Companies specialising in lead generation may sell leads through one-off transactions or on a continuous basis through lead generation platforms and portals, which seems to be of greater value from the point of view of the continuity of an organization's development.

The Internet has enhanced the efficacy of lead generation as a marketing tool. It is also important to note that lead generation allows for an easy verification of both the return on investment and the effectiveness of actions taken. The higher the quality of leads, the higher the number of sales or closed transactions.[19]

Lead generation is closely related to inbound marketing. "Inbound marketing is opposed to outbound marketing, a traditional form of communication based on pushing the information or marketing message out to a potential customer. Inbound

marketing focuses on web-based activities guiding customers towards the content of interest. When seeking the content they are interested in, potential consumers are taken to the message sender."[14]

The adequate application of the lead generation process contributes to considerably increased profits of an organization as well as to generating significant savings compared to the classic outbound methods such as using banners or advertising spots on television. "According to a study by HubSpot, the average inbound lead cost is $135 compared to $346 spent on an outbound lead — which represents a 60% difference. In addition, inbound leads are converted into buyers eight times as often as those generated by outbound sources. The main reason for this situation is consumers' being bored with traditional forms of advertising. As many as 86 per cent of surveyed people switch TV channels during advertising spots while 44 per cent treat e-mail offers as spam. So it comes as no surprise that marketing resources spent on blogs and social media have tripled in recent years."[15]

Lead generation is largely achieved through contact forms on a company's web page, affiliation programmes and telemarketing. A major issue with lead generation is that lead quality isn't sometimes high enough to be turned into increased sales. As a result, trade and sales departments receive contacts to underinformed prospects or, even worse, prospects with no interest whatsoever in the product offered. In these circumstances marketers need to be prepared to handle prospects in such a way that they are led down the sales funnel by advancing them to higher levels of sales process. This can be achieved by offering relevant information and eliminating poor quality leads interested in other products.

- **Lead nurturing**

Lead nurturing is a new approach to running marketing campaigns whose goal is to qualify prospects to making a purchase.[18]

Lead nurturing ("clinging on to customers", "beating customer paths") consists in acquiring a prospective customer (a lead) and consistently leading them through a multi-stage process to making a purchase. The end result of effective lead nurturing is a customer satisfied with the purchase made and fully aware of why and for what purposes they made a purchase. [20]

Lead nurturing involves integrated marketing activities aimed at converting a prospect into a buyer. Using previously acquired customer data, lead nurturing involves providing leads with relevant information until they are qualified to be handed down to sales team as prospective customers. Lead nurturing is essential for taking full advantage of possibilities opened up by lead generation. Lead generation which is not

followed by lead nurturing will not bring the desired results. It is not sufficient to obtain a filled-in contact data form as a substantial proportion of leads generated at this stage are not ready to make a purchase. The basic objective of efforts centred on lead nurturing is to advance leads to the level where they are ready to be handed to the sales team as prospective customers.

Objectives of lead nurturing:

Maintaining communication with prospects. It is commonly known that sustaining communication with the customer is the only way to sell a product or service. In case a prospective customer is not interested in starting a relationship and decides to take him/herself off the subscribers' list or chooses not to click on the marketing message, the marketing automation system will not classify him/her as a sales lead to be at a later stage contacted by a sales team.

Offering relevant content to a prospective buyer. Through offering non-invasive content lead nurturing provides prospects with relevant information, factual data and ideas helpful in leading prospects down the sales funnel to closing a deal.

Gauging the optimal time for making a sale. Consumer bahaviour analysis based on the data acquired through lead nurturing makes it possible to identify the trigger points — the right times to approach a prospective customer. A decision to approach a prospect may be informed by the overall customer engagement evaluation based on customer behaviour observed on the web site or triggered by the customer's expression of special interest in a particular component of the company offer, reflecting a prospect's rank in the purchase readiness module of the marketing automation system.

The latest research conducted for US markets, where lead nurturing technologies have been applied for years and continue to expand rapidly, has revealed that lead nurturing brings measurable benefits. Marketing directors who use lead nurturing achieve higher return on investment in customer acquisition.[20]

MarketingSherpa conducted a study into the most significant trends in top-quality lead acquisition. The most extensive so far, the study involved data concerning 1, 915 organizations. The study describes a spectrum of different types of lead generation technologies and database systems.

The study has concluded that:
- automated e-mail marketing remains the most popular channel of communication with the customer,
- infographics and podcasts are the least effective,
- B2B communication has a preference for educational materials, articles and webinars.

Picture 2. **Average ROI in percentage terms for companies running lead nurturing campaigns**
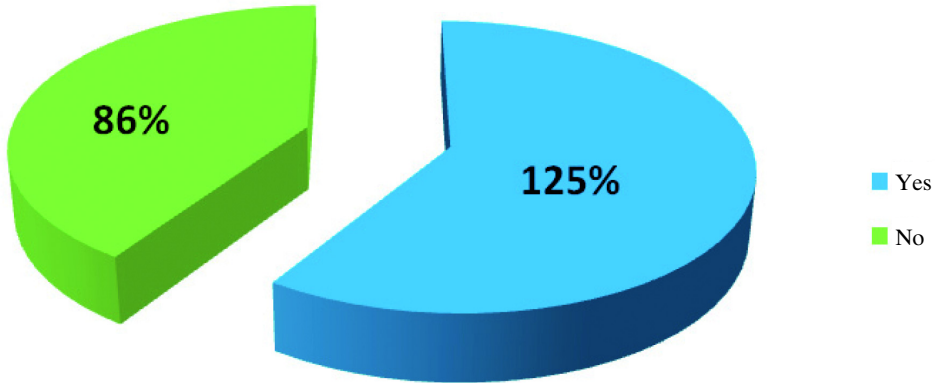
Source: ©2012 MarketingSherpa Lead Generation Benchmark Survey Methodology: Fielded January 2012.

Picture 3. **The most effective channels used in Lead Nurturing**
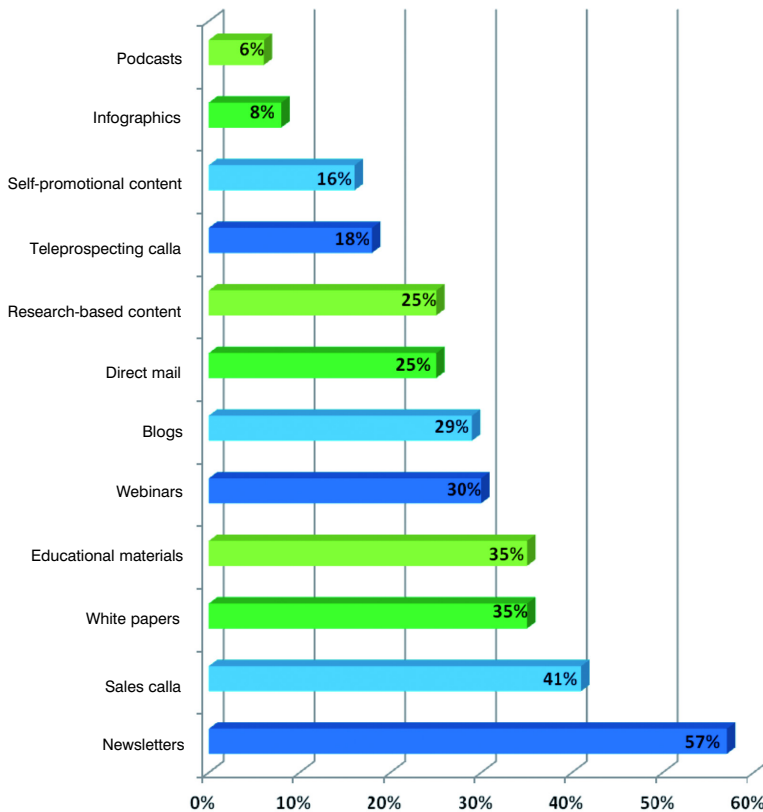
Source: ©2012 MarketingSherpa Lead Generation Benchmark Survey, Methodology: Fielded January 2012.

A study into the effectiveness of lead nurturing programs conducted by Forrester Research has found that "a well-designed lead nurturing program may raise lead conversion rates by up to 50% while reducing lead acquisition costs by up to 70%."[13]

The most important conclusions come however from the *2011 B2B Benchmark Survey* carried out by MarketingSherpa, which reveals that the top-priority challenges faced by business companies today are those related to reducing customer acquisition costs and continuous improvement of sales activities.

Performance indicators and marketing automation systems

Marketing automation systems offer a range of tools increasing customer acquisition and engagement levels. As well as facilitating customer communication, marketing automation processes also lead to improved work efficiency.

The following parameters should be considered when defining the key performance indicators with respect to marketing automation:
- e-mail marketing effectiveness: OR, CTR, conversion rates,
- ROMI,
- sales conversion,
- MQL, SQL and SAL.

These metrics do matter and should be considered. This said, it is important to note that marketing automation capabilities go far beyond the scope covered by the key performance indicators. The role of the KPIs is to support strategic and operational objectives of an organization. "As the tools for the objective work efficiency evaluation, key performance indicators encourage a strong focus on the results. KPIs can be effectively used by managers to control business performance. These metrics facilitate the decision-making process, task prioritization and troubleshooting. But the most important advantage of using KPIs is that they permit continuous improvement and control of disparate processes within an organization."[23]

It is possible to define KPIs in terms of:
- time needed to approach a lead,
- number of tasks being completed over a given time frame,
- time needed to proceed to the next stage of the process,
- time needed to complete the whole process.

Thus marketing automation systems are capable of streamlining marketing and sales processes as well as lead management in after-sales operations. Moreover, marketing automation facilitates control and continuous improvement of the whole business process within an organization.

Conclusions

Marketing automation embraces the whole spectrum of marketing channels and strategies ranging from e-mail marketing and telemarketing to the efforts that tap into the potential of social media and content marketing. Marketing automation platforms include systems for customer relationship management and sales lead management as well as other analytical platforms for monitoring and evaluation of marketing campaigns. As with any technology, marketing automation software can be exploited for dishonest marketing practices, e.g. spamming. However, contrary to spam messages, messages generated by marketing automation systems are based on the idea of a two-way communication and are consequently more personalised and beneficial for both sides of the communication process. Behavioural monitoring allows for constructing an offer that meets a prospective customer's real needs.

The assumptions of the marketing automation process modernise advertising campaigns run by companies, generating the return on investment that is significantly higher than that obtained with classic marketing tools. However, to achieve improved business results it is necessary to develop an appropriate strategy, to monitor a company's performance and be able to draw constructive conclusions that are in turn used for the development of the most advantageous modifications and new high-efficiency solutions.

The implementation of a marketing automation system changes the operation model of the marketing department and transforms the marketer him/herself. For the capabilities of marketing automation including in particular the unique knowledge about customers represent a critical marketing value for any modern organization.

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Witold Świeczak, M.Sc. Eng. — engineer, graduate of Environmental Protection at the Faculty of Energy and Environmental Engineering of the Silesian University of Technology. He works for the Institute of Aviation in the department of marketing as a project manager. He deals with analyzing research market and the aerospace sector. He is specialized in inbound marketing. Moreover, he manages guerilla and ambient marketing activities as well as charitable activities of the Institute of Aviation. He is responsible for the activities of Corporate Social Responsibility.