



Marketing's World of Hurt **How Marketing Automation** **Mistakes Prevent Organizations** **from Measuring Up**

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Marketing's World of Hurt How Marketing Automation Mistakes Prevent Organizations from Measuring Up

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INTRODUCTION

The growth of marketing automation continues as marketers strive to make processes more efficient and measure marketing effectiveness. But for many, the idea of automation has meant investments of time and money in home grown or "let's modify another system" solutions that only go part way in meeting needs and delivering benefits. This report arms you with insight into the reasons those home-grown solutions, or "not made for marketing" investments, deliver only half the benefit enjoyed by organizations which choose automation solutions specifically designed for marketing.

Clearly, any automation must be better than none, right? Not necessarily. If an organization automates partially or poorly, the results can raise more questions than answers. This puts the marketing organization at a greater risk for questions about competency and leadership.

Marketing organizations face enough challenges from executives who don't understand sales cycles, lead generation processes, or campaign management. They gladly raise questions. And if marketing cannot provide insightful answers, this type of executive feels emboldened and less confident in the management skills of the marketing organization.

At the base of this issue is the ability to manage and measure. Often, when automation is done in a reactionary, haphazard, or force-fit way, it fails to provide the reporting needed to see, let alone explain, status and results. A vicious cycle ensues. New questions are posed to marketing. What exactly had that automation investment bought? And if you can't provide fellow executives information they need, if they didn't find value from past automation attempts, how can one expect confidence or support of additional investments?

Take a step forward. Look at the facts about marketing automation delivered in this report. Use it to help build a case for automation solutions designed for marketing, designed to deliver real-time insight, clarity, and actionable measurement.

METHODOLOGY

BuyLine Research sought out and surveyed marketers who understand automation issues. This web based survey conducted in 2008 focuses on marketing operations and executive management. All the participants had been involved in the purchase of a marketing automation product or service within the past eighteen months. Input from over 100 participants provided a directional view of marketing automation and gave insight into marketers needs.

The responding marketers represented over 20 different industries and organizations ranging from fewer than 10 employees to over 25,000 employees.

THE VALUE OF AUTOMATION DESIGNED FOR MARKETING

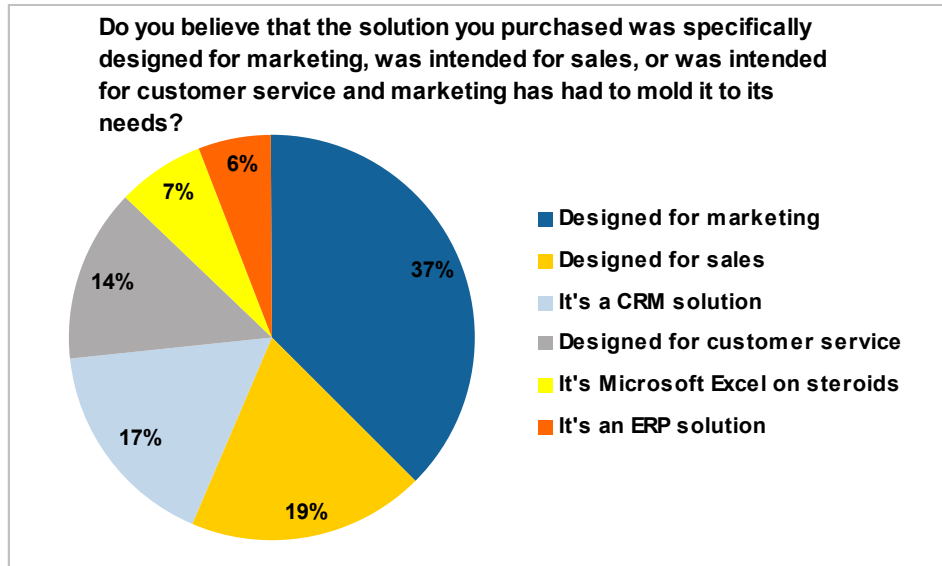
As process demands, integration, and other requirements mature, many organizations find themselves at a competitive disadvantage. They are unable to successfully monitor, manage, and modify programs, processes and tasks. So they say, "Let's automate!" But before jumping into the automation process, consider the views of those who already have automated, those who have seen the upside, and realized and lived with the downside every day.

Many marketers are not happy with the current state of affairs as they look for systems and processes to enable maximum productivity gains. Their unhappiness often is the result of a force-fit solution, one that was originally designed for sales or customer service then haphazardly adapted to marketing tasks. Worst among these solutions is the spreadsheet on steroids approach, which is a sure-fire recipe for trouble.

Marketers responding to the survey were asked whether they felt the solution they purchased was specifically designed for marketing, or was intended for sales or customer service, then molded to marketing needs. Only 38% felt their solutions were designed for marketing (see Figure 1).

The survey further indicates that the downside of using a system not intended for marketing is overpowering. Marketers were asked how much their investment had improved performance in various areas and how much an automation system would improve performance, if truly designed for the needs of marketing. Overall, in the area of communication effectiveness, marketers said their investments improve their performance by over 30% on average (see Figure 2). However, had the system been designed for marketing, they estimate their performance would increase an additional 30%—doubling the improvement. The results are the same across many other areas; improvement approximately doubles when a solution is designed for the needs of marketing.

Figure 1: Who is the Automation Investment Truly Designed For?



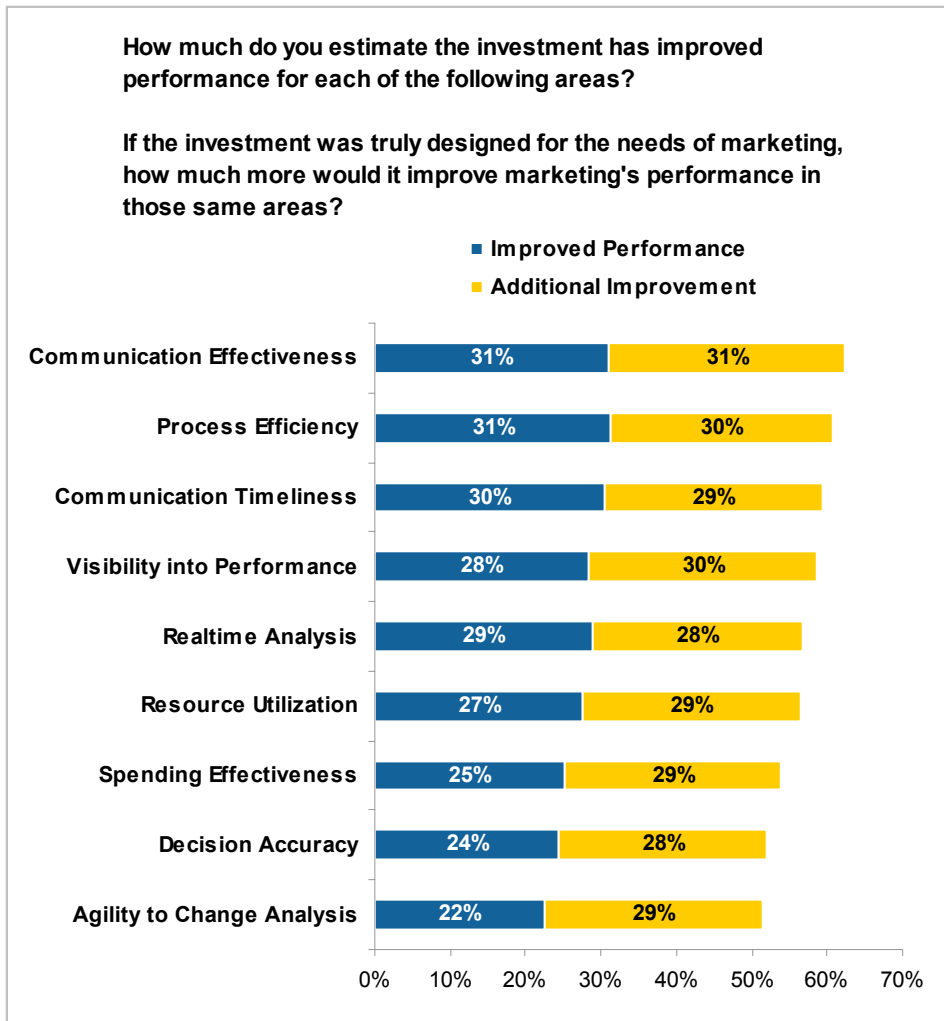
MARKETING AUTOMATION INVESTMENT COVERAGE

We must be specific in where investments take place. To do this, marketers were asked to define their automation investment, first in terms of the stage of marketing it addresses, and then in terms of the focus areas it addresses.

BuyLine Research defines five marketing stages that can be addressed by automation:

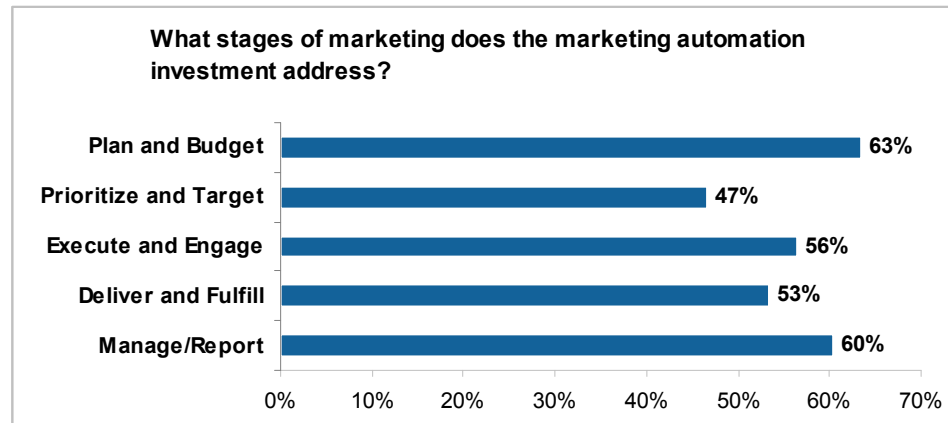
- Plan and budget
- Prioritize and target
- Execute and engage
- Deliver and fulfill
- Manage/report

Figure 2: Investment Impact on Marketing Performance



Marketers most often defined their investments as addressing the first and last stages and, less often, as addressing the three middle stages (see Figure 3). This, no doubt, has resulted from executive management demands that marketing do a better job of being accountable. So money is thrown at the front and back end, which have the most visibility within an organization. But this approach is problematic. Without proper automation and measurement, the middle three stages do not generate data critical for meaningful analysis. That middle stage analysis provides information that should be used to drive plan/budget and manage/report activities. Without analysis of the middle stages, both the front and back ends of marketing management rest on a foundation that is weak and incomplete.

Figure 3: How Investments Address Marketing Stages



To truly understand the nature of the problem, BuyLine Research defined seven marketing focus areas automation investments could address. They are listed below in the priority that respondents felt was required from their existing and potential automation investments.

- Data management
- Lead management
- Resource management
- Interaction management
- Campaign and reporting management
- List management
- Content management

Over 60% of the investments among respondents provided automated data management (see Figure 4). The next most frequent coverage is seen for lead management and resource management. Slightly more than a third address content management.

While the focus of marketers is understood, it leads to some challenges in decision making. If marketers stress automation of planning/budget and manage/report, certain data quality issues come along with the emphasis on data management. Certainly, marketing management is demanding the data and that it be linked to the front and back end marketing stages. But, if there is poor automation around interaction management, list management, and lead management, that data cannot be complete nor have a reliable degree of accuracy.

Furthermore, elements such as contact lists and web visit statistics are virtually meaningless unless they can be linked to the content used and types of interaction that take place. The data cannot answer questions such as:

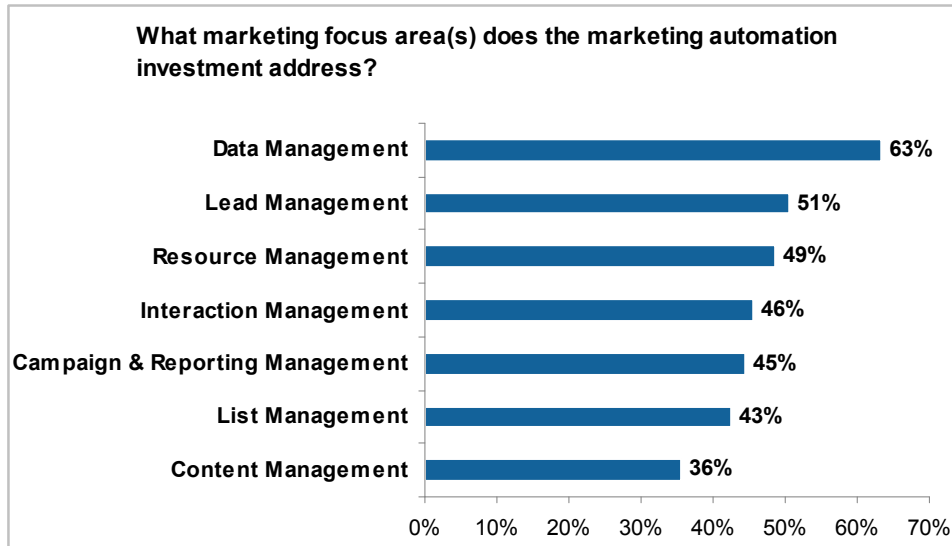
What content mix do potential customers view during web visits?

What content types do they prefer?

How does that vary based on buying team role?

Solutions that address issues such as these not only provide insight, but allow automation to be applied for planning and used to enlighten others through ongoing management and reporting. Automation also drives the marketer's ability to adjust the prospect's experience by continuously tuning the engagement. Not only is data availability directed, but the entire presentation adjusts automatically to meet the customer's needs in terms of order, sequence, timing, and emphasis.

Figure 4: Marketing Focus Areas Addressed by Investment



WHAT MARKETING AUTOMATION MUST ADDRESS

Within each marketing focus area, marketers want automation to address certain requirements. BuyLine Research defined the various capabilities and asked respondents if their investment addressed each of the underlying capabilities. The full results are presented in Figures 5 through 11. A few highlights are discussed below.

Just over 60% of the marketers invested in systems that address data management. Of those solutions, over 80% address the storage, archiving and retrieval of data (see Figure 5). However, fewer than half of the systems provide for data cleansing. Without cleansing, the resulting analysis can't be fully trusted. It can turn into a matter of "Garbage In, Garbage Out".

The same problem emerges when considering lead management capabilities (see Figure 6). Although over 80% of the investments that address lead management include the ability to capture (track) leads, less than 60% include the ability to validate those leads.

In the area of interaction management and list management, different weaknesses in marketers' historical investments come to light and research findings identify the culprit clearly: the use of solutions that were not originally designed with marketing in mind. For example, among those whose investment includes interaction management, fewer than 40% include social networks/communities, the biggest interaction growth area (see Figure 8). Then, among those whose investment includes list management, fewer than 40% include communities where lists link groups together based on interests and roles (see Figure 10).

As marketers strive to change the way automation is implemented, they must automate with social networks and communities in mind. These environments are growing in importance as a means for organizations to reach potential customers. Blogs, wikis, and communities such as Facebook™ continue to expand, demanding that marketers tap these resources. Yet too often, marketing automation tools offer little or no help in this arena.

Figure 5: Data Management Capabilities Addressed by Investment

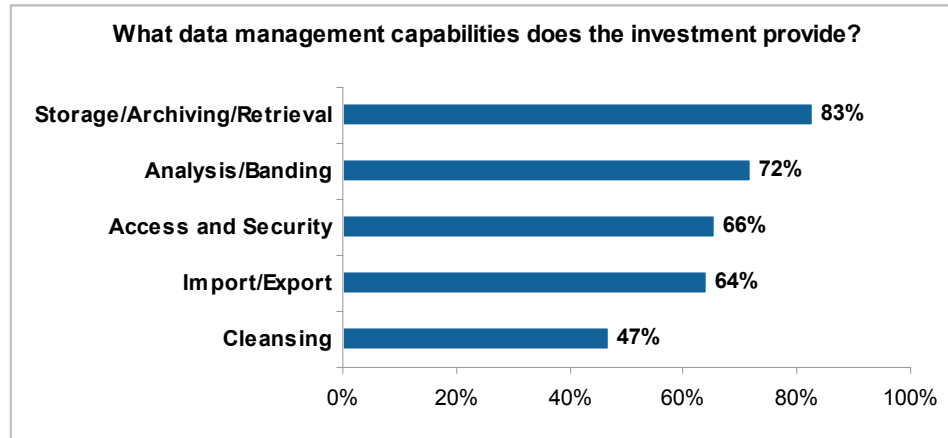


Figure 6: Lead Management Capabilities Addressed by Investment

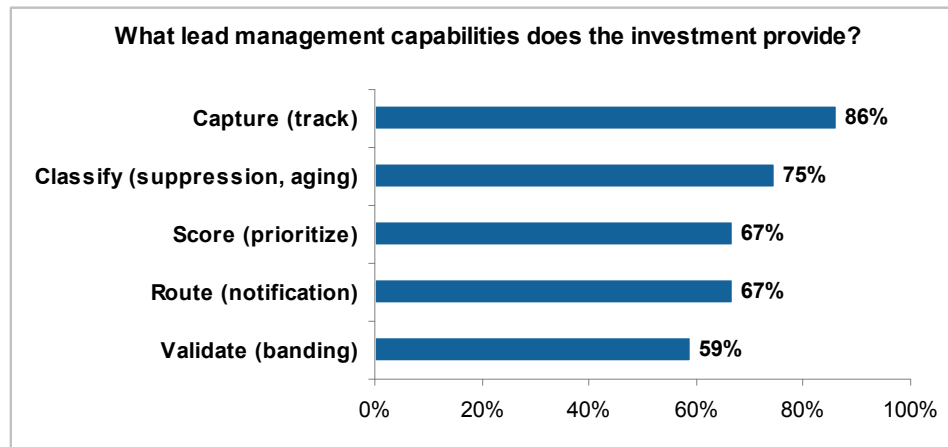


Figure 7: Resource Management Capabilities by Investment

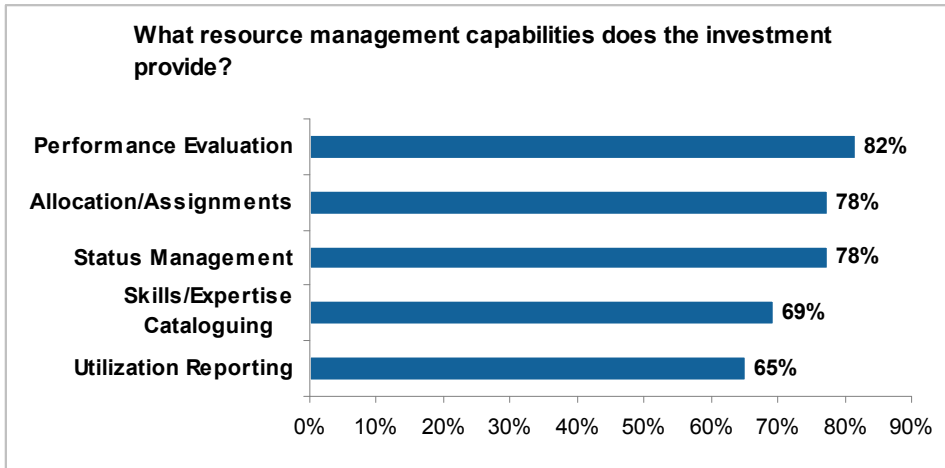


Figure 8: Interaction Management Capabilities by Investment

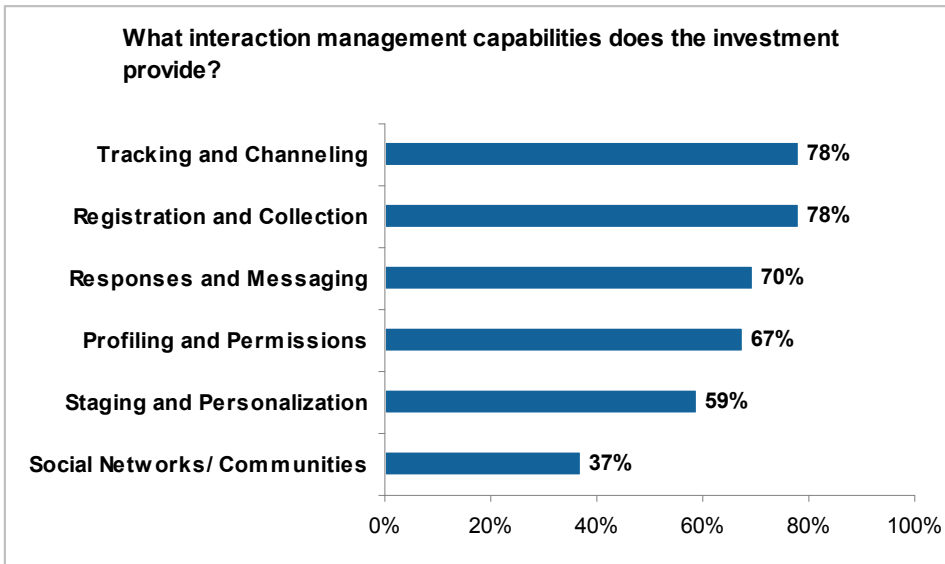


Figure 9: Campaign and Reporting Management Capabilities Addressed by Investment

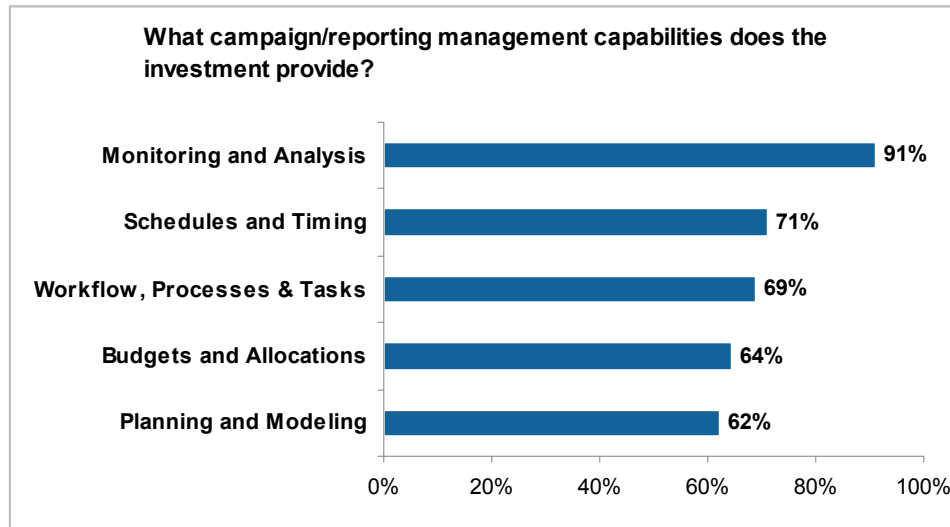


Figure 10: List Management Capabilities Addressed by Investment

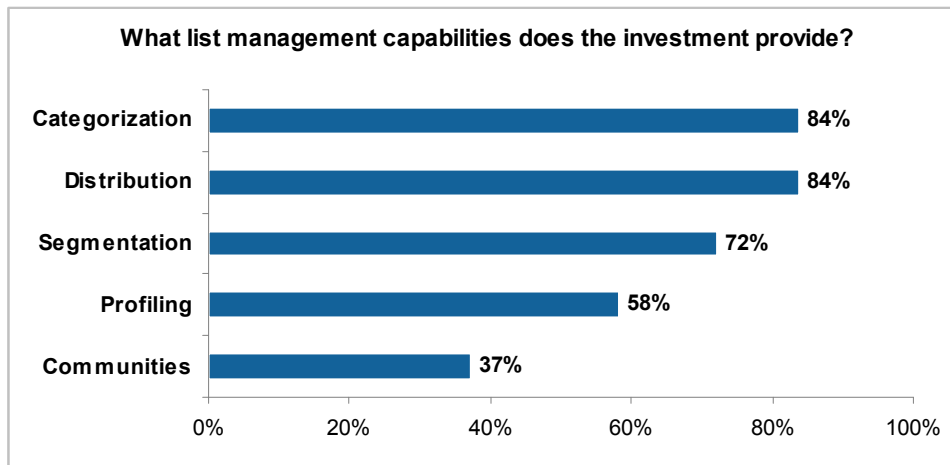
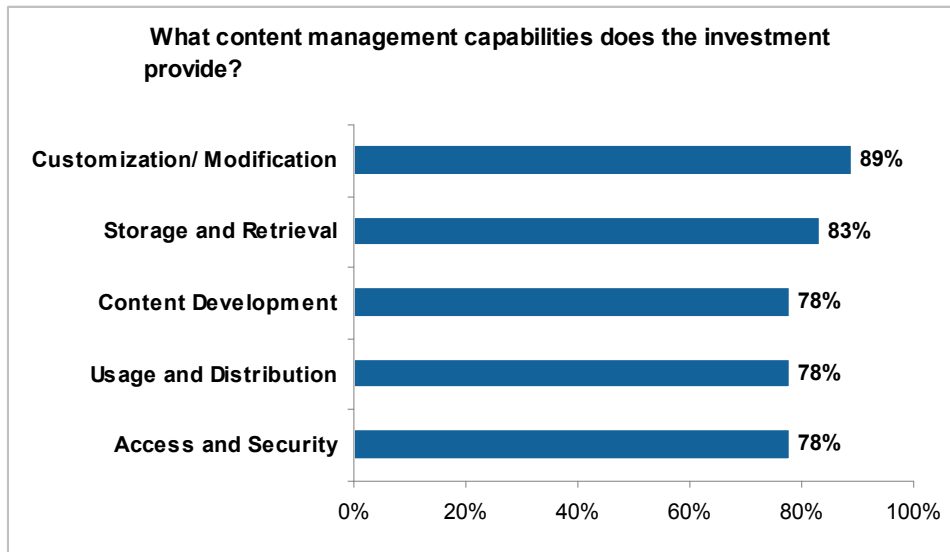


Figure 11: Content Management Capabilities Addressed by Investment



CLOSING THE GAPS IN MARKETING AUTOMATION COVERAGE

As marketers plan where to make investments, it is helpful to understand a peer-based view of the relative importance of each stage. To do this, survey respondents distributed 100 points of importance to each of the marketing stages.

It is interesting to compare the resulting average distribution (see Figure 12) against the levels in which they are addressed by investments. Case in point is that marketers give the fewest points of importance to the manage/report stage, yet that is the second most likely stage to be addressed by the investment. This shows clearly that marketers have been driven in their investments, not by what would be best in terms of the effectiveness and efficiency of marketing efforts, but rather by outside demands for better accountability.

Survey respondents also were asked to assign 100 points of importance to each of the marketing focus areas. Again, compare the resulting average distribution (see Figure 13) back to the levels in which they are addressed by investments. Content management, which was only addressed by 36% of the investments, is among the most important of the focus areas.

Marketers know what to do and what they need, but are often hindered when automation decisions are made "on the cheap" or driven by knee-jerk reactions to outside demands from other functional groups or leadership. Most marketers feel that these incomplete solutions lead to gaps in coverage in their entire marketing automation portfolios. (See Figure 14).

Figure 12: Importance of Marketing Stages

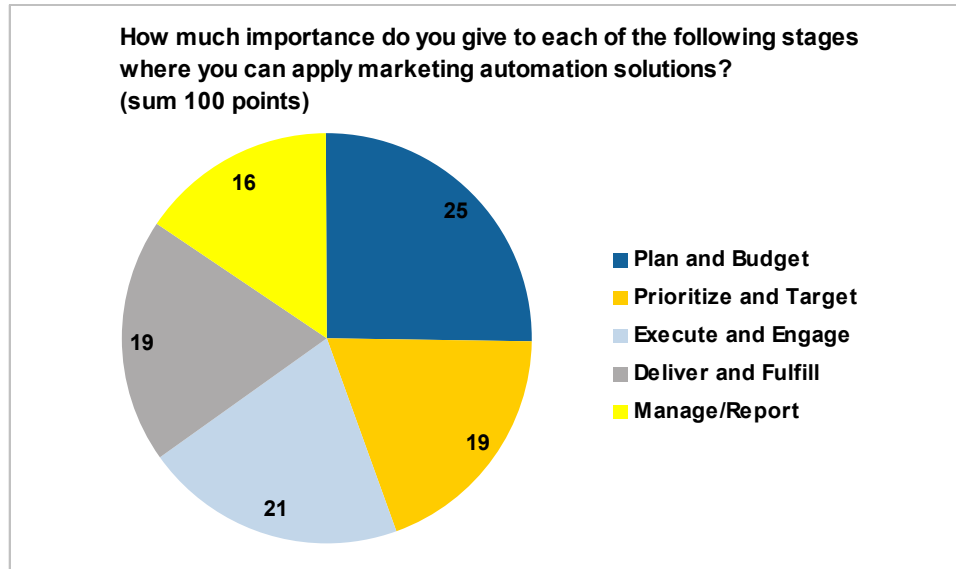


Figure 13: Importance of Focus Areas

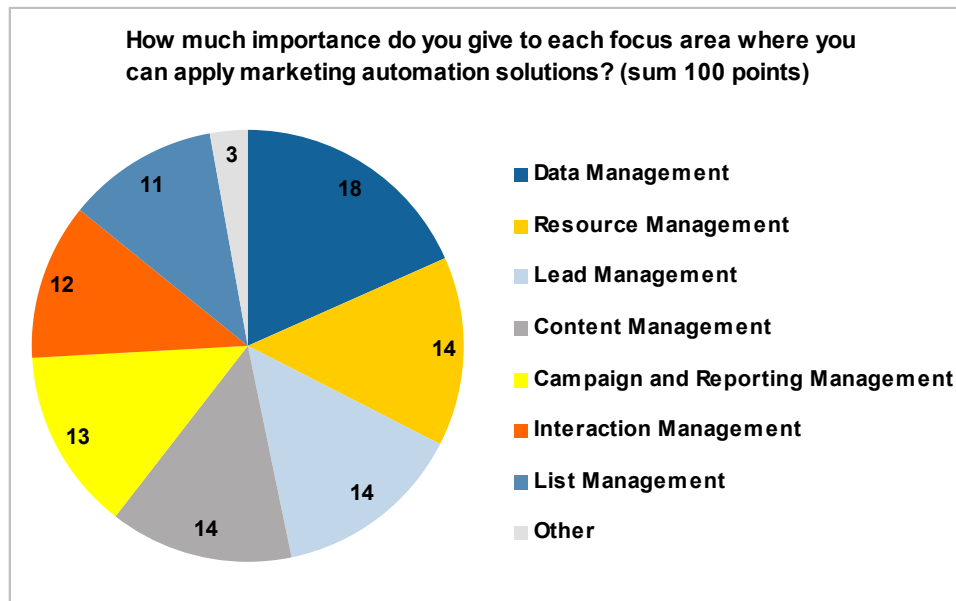
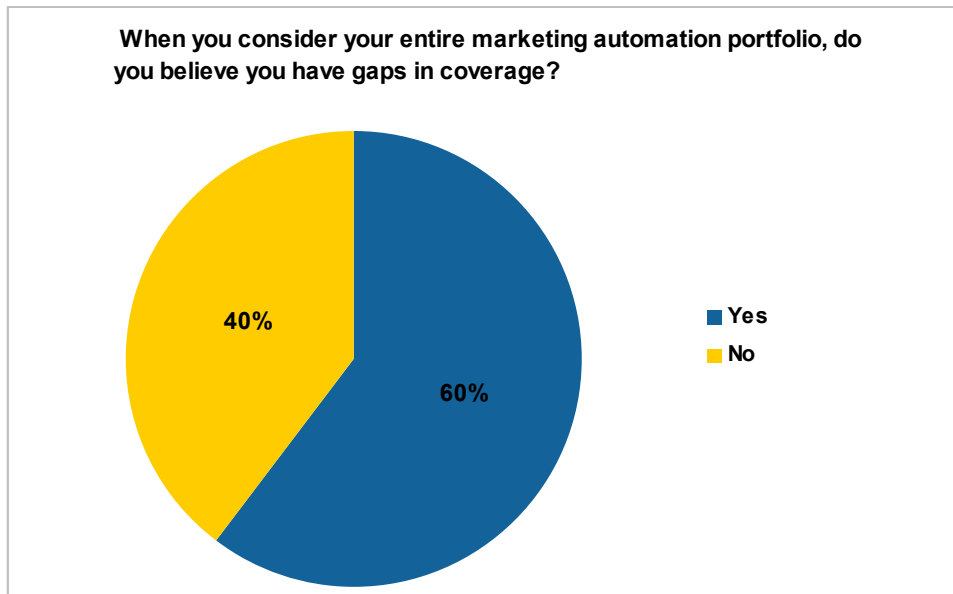


Figure 14: Are There Gaps in Automation Coverage?



BUILDING AN AUTOMATION BUSINESS CASE

When automating, marketers must not repeat past mistakes and simply double their challenge. Simply return for a moment to Figure 2 and the discussion of the impact of the investment in market automation. Well designed marketing automation solutions, designed for the needs of marketing, create enormous improvements in performance. But marketing must have decision making capabilities and must carefully choose systems that truly meet their needs and provide coverage in the right areas.

To further help quantify the impact of doing automation thoughtfully versus reactively, BuyLine Research asked marketers to quantify the negative performance affects of those gaps in automation coverage. The areas identified as having the biggest percentage reduction in performance are decision accuracy and process efficiency (see Figure 15).

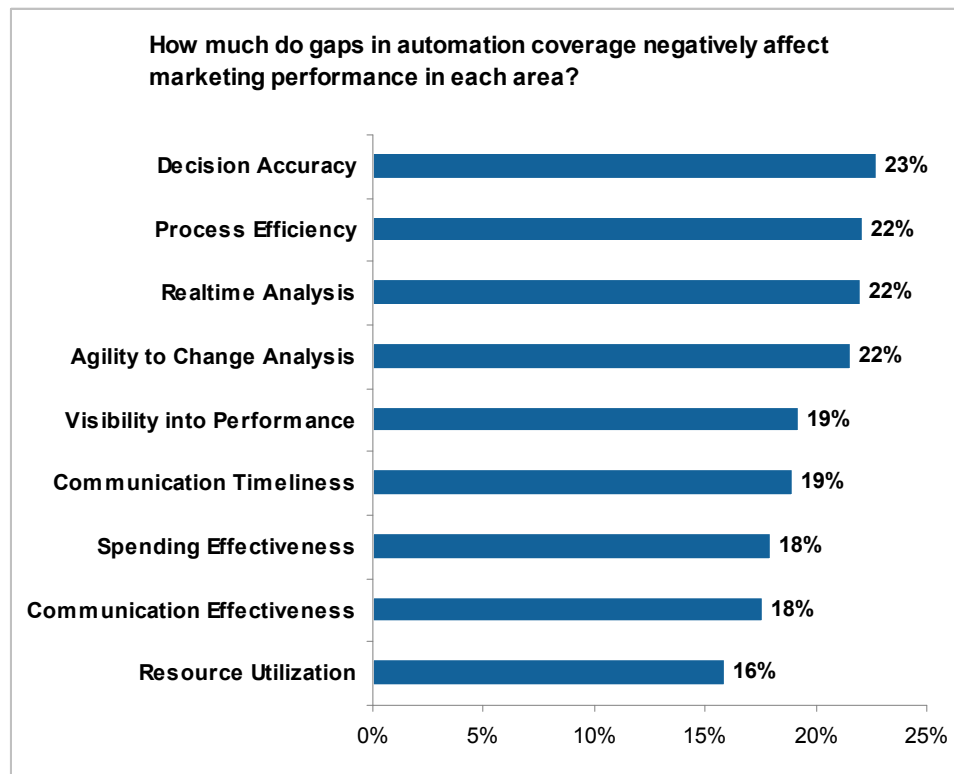
The circle is complete. If executive leadership wants to demand better planning, reporting, accountability, and answers from marketing, it must empower marketing with automation solutions that close coverage gaps—not widen them. While marketing's pain is partially self-inflicted, it can be argued that automation without thought, without matching the solutions to process, measurement, industry, and target audience requirements, makes automation itself an ill-advised venture.

Marketing automation providers also must do their part in building this business case. The survey provided a list and asked marketers to mark those in which their prior investments fell short of marketing's desires and requirements (see Figure 16). Cost justification, the most frequent selection, was selected by 44% of the marketers surveyed.

If the story behind potential alternative investments falls short in the area of cost justification, it makes it harder to justify additional investments. Automation systems designed specifically for marketing also fell short in the area of integration. Forty-five percent of marketers identified system integration as a problem in systems specifically designed for marketing, compared to 29% of those not designed for marketing. Once again, if automation providers want to help the justification process they must not take an island approach, but rather make it possible to connect their solutions to legacy systems, other automation investments, and existing processes. This effort will go a long way to reduce the sense of risk and speed the process of adoption.

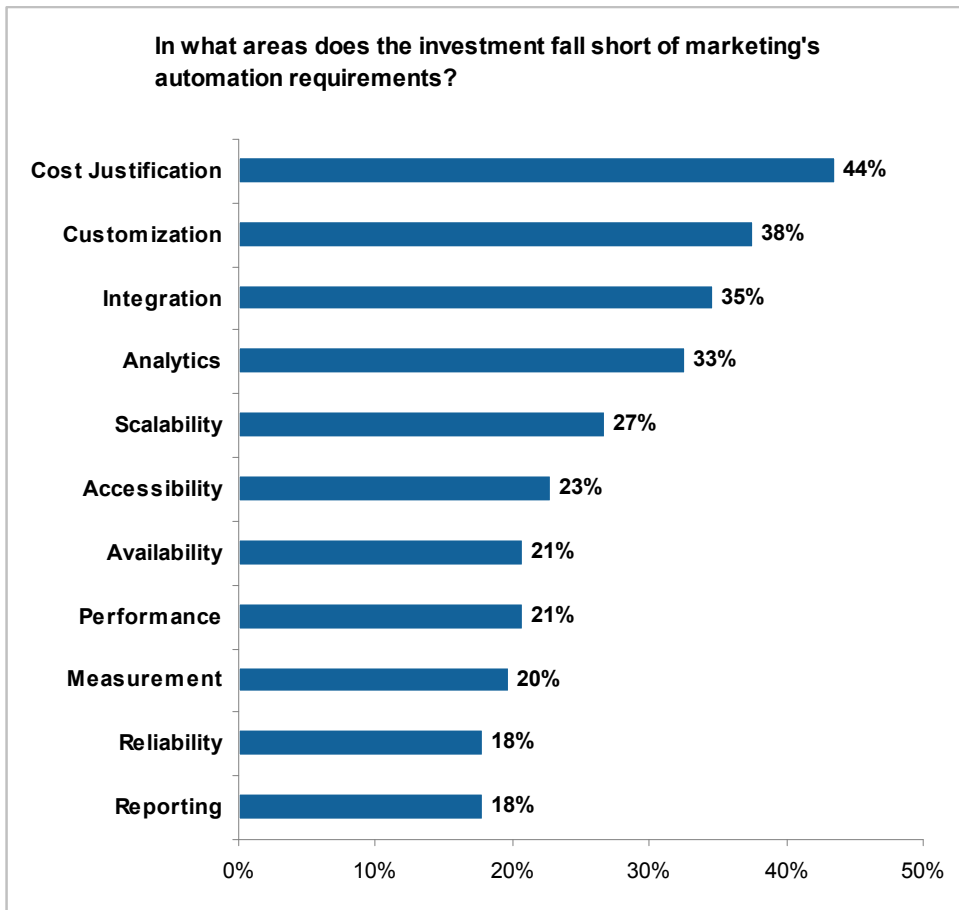
Marketers were also asked to select from a list of items that prevent marketing automation from gaining even greater impact. Again, justifying the cost of additional investment rose to the top of the list. Forty-six percent of all responding marketers viewed cost justification as a barrier to investment. (See Figure 17)

Figure 15: Negative Effect of Automation Coverage Gaps



Among marketers who felt their investments were specifically designed for marketing, the need for more evidence of the value of automation with marketing in mind surfaces as barrier to further investment. Only a third of these marketing professionals selected cost justification as a barrier to further investment, compared to half of those whose investments were not designed for marketing. Also, more than 40% of those designed for marketing respondents cited, as barriers, existing solutions are considered adequate, the IT organization, and the difficulty of replacing existing investments.

Figure 16: Areas of Current Automation Weakness



Clearly, these buyers of marketing automation solutions need assistance in showing executive management and their IT organizations the importance of covering the gaps in their current investments. For those who are invested in systems not designed for marketing, the barrier areas mentioned by over 40% of respondents included cost justification and finding solutions that fit their needs. These buyers of marketing automation solutions need products that are designed with marketing in mind. They will also benefit, of course, from products that address current gaps in coverage.

Figure 17: Barriers to Marketing Automation Gaining Greater Impact



ACTION STEPS

Marketing organizations know they need to automate. But to overcome poor past decisions a new vision is required. Historically, at least some automation decisions were driven solely by a desire to automate a process. Insufficient thought was given to systems that provide the kinds of data and analysis that allow marketers to look at how processes themselves can be improved. That task is harder to achieve, as organizations must combine a current view with what will be most helpful in the future. A combination of justification, focus on what really drives marketing accountability, and assistance from automation providers will be required. The action items that follow offer focus and traction.

- Map your own organization's existing automation investments against what you perceive to be the relative importance of different marketing stages
- List your coverage areas, the automation system that covers them, and the coverage gaps
- Score your organization; see how well your investments match the needs of marketing
- Evaluate the performance of your investments in terms of efficiency, decision making, and other metrics
- Create an action plan to address automation needs for marketing activities, namely list management, lead management, and interaction management, rather than the planning or results
- Identify potential automation providers; review their offerings based on your current coverage areas and the shortcomings that, if corrected, offer the most immediate impact
- Pursue a dialogue with identified automation providers; ask how they will help you build the business case and how their products will enable delivery of the types of program insight that builds organizational confidence
- Determine the degree of integration required by potential solutions and ensure that the automation provider vision around the importance of integration matches your own

CONCLUSION

This report provides insight and information that can be used to justify investment in the marketing automation capabilities that best fit organizational needs and provide meaningful returns. It presents a starting point for internal discussions that can drive further discussion and actions that mitigate the negative view of the marketing discipline held by too many.

With effective automation, campaign management is no longer an oxymoron giving only rear view understanding and little insight into real-time cause and effect. A fresh look at your automation strategy and a solid business case will ultimately lead to more sound investments—investments made with the needs of marketing in mind. Marketers will experience the benefit as they enhance and tune programs with insight and take meaningful actions around resources, data, list management, lead generation, and interaction.

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