

WHAT IS MARKETING AUTOMATION AND HOW COULD IT BE USED FOR BUSINESS?

***Abstract:** During the past decades, technology continuously improved and developed new strategies for all existing industries, thus it built a huge product offer that could confuse customers. Marketing strategies had to align with industries' development in order to build strong companies and make profits, so that was the starting point of the marketing automation idea. Even if we are talking about a market of billions of dollars, academic research is pretty poor on this subject, so this paper aims to provide an overview of marketing automation implementations and to explain providers' success even if the software solutions they sell are very expensive.*

Key words: marketing automation, marketing software, business performance.

History. Definitions. Providers

Many people that ever had contact with marketing automation define it as a complex of automatized processes that are able to cover what marketing department can do. Fortunately, "marketing's enigma is that even if it exists since the oldest human activities, it is still perceived as one of the latest economical disciplines"² and "marketing practice did not develop until it was clear that pushing goods on the market was not so efficient as it is the focus on obtaining satisfaction objective"³. In reality, marketing automation means much more so an overview of its history would help in understanding how ideas came and created this great concept.

Most feel that marketing automation first burst into the scene when Unica company was founded in 1992. However, this was merely scratching the surface because most businesses were not present online and the Internet was still in relative infancy. Seven years later, Eloqua appeared with new solutions and its success inspired many competitors to enter the market, such as Pardot, Infusionsoft, Marketo. With the increasing penetration of Broadband Internet between 2004 and 2009, more marketing automation tools began to be built or migrated to the cloud. So, we likewise saw the birth of many cloud-based tools such as Ontraport (2006), Hubspot (2006) and Act-On (2008)⁴.

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² Baker, M., *The Marketing Book*, Third Edition, Butter Worth Heinemann, Oxford, 1994, p. 3.

³ Baker, M., *Marketing*, Editura Societatea Științifică și Tehnică S.A. București, 1997, p. 127.

⁴ <http://www.marketingautomationinsider.com/marketing-automation-history-timeline>, accessed on 13.04.2016.

After year 2000, marketing automation industry began to grow exponentially from a \$225 million industry to a \$1.65 billion industry in just five years. In the four years between 2010 and 2014, there was over \$5.5 billion worth of acquisitions made in the marketing automation industry. The largest of which was Salesforce's acquisition of ExactTarget for \$2.5 billion, after ExactTarget acquired Pardot for \$95 million.

Early systems were focused primarily around emails and emailing. Starting from the assumption that direct marketing is an assembly of concepts, techniques and marketing tools, resulted in a directly targeted approach, personalized and interactive for the consumer, aiming to generate measurable reactions⁵, it could be said that marketing automation was built from direct marketing principles. Meanwhile, data bases management was in its best decade and so, marketing automation was wanted to provide a good management of customers, measure their actions on the companies' marketing actions and to increase efficiency.

Marketing automation tools were built using the characteristics of direct marketing⁶: action (reaction by immediate action), measurability (efforts can be measured by the number of responses received until the proper purchase), flexibility (its complexity, allowing it to be used as a support actions for advertising/sales promotion/ independent asset), versatility (the implementation of a variety of messages, letters, shapes, images, according to legal regulations), selectivity (a very precise segmentation, specific), personalization (individualization of messages sent to customers), confidentiality (the content of messages that are received by customer segments known only by company in question – not competition – and receiving personal messages), persuasion and efficiency (by reducing waste of money, time and energy). The marketing automation tools of today have become significantly more powerful. American Express, Intel, LinkedIn and many others now use marketing automation to send tens of millions of personalized emails, text messages, direct mail, and social adverts to their users *based on their actions*.

A general definition of marketing automation is hard to capture in just few words, the best way to understand the concept is to survey the biggest providers. Some descriptive and comprehensive definitions could be found bellow:

- “Marketing automation is a category of technology that allows companies to streamline, automate, and measure marketing tasks and workflows, so they can increase operational efficiency and grow revenue faster”⁷
- “At its best, marketing automation is software and tactics that allow companies to buy and sell like Amazon – that is, to nurture prospects with highly personalized, useful content that helps convert prospects to customers and turn customers into delighted customers. This type of marketing automation

⁵ Vegheș, C., *Marketing direct*, Uranus, București, 2003, p. 37.

⁶ Zaiț, A., *Elemente de marketing direct*, Ed. Economică, București, 2000, p. 23–25.

⁷ <https://www.marketo.com/marketing-automation/>, accessed on 15.04.2016.

typically generates significant new revenue for companies, and provides an excellent return on the investment required”⁸

- “Marketing Automation is a subset of customer relationship management (CRM) that focuses on the definition, scheduling, segmentation and tracking of marketing campaigns. The use of marketing automation makes processes that would otherwise have been performed manually much more efficient and makes new processes possible”⁹
- “Marketing automation is the use of software and Web-based services to execute, manage and automate marketing tasks and processes. It replaces manual and repetitive marketing processes with purpose-built software and applications geared toward performance.”¹⁰

Providers of marketing automation solutions are many on the market and they are increasingly targeting niches within niches. Currently, there are two broad categories of marketing automation tools: small business tools, and enterprise tools. As more competitors have entered the space, it could be seen more targeted tools aimed at specific sectors within the small business market. With the exception of a few leaders, like Marketo, Hubspot, Pardot and Eloqua, many tools will have to pick their corner of the market. B2B companies are taking great advantage of marketing automation software by integrating it with their existing CRM system. This helps combine and streamline both marketing and sales efforts, and creates better visibility for both teams.

Marketing Automation Features and Uses

The most important purpose of marketing automation systems was to manage emails. Nowadays, emailing campaigns can manage billions of unique contacts and can qualify them after their engagements. All starts when a contact enters an emailing campaign and receives an email. Depending on the engagement or non-engagement on that email, it gets qualified for another email. Normally the first email contains general information about company or products (depending on campaigns’ purpose) and depending on what a contact clicks on from that email, it gets niched. For example, if the first email contains information about printers, computers and tablets and a contact clicks only on computers link from email, then this click will be caught by marketing automation system and the contact will be sent to another emailing campaign which has the purpose of presenting computers offer. Each click from the email can be quantified in marketing automation systems; the feedback received could be sent to company and analyzed.

⁸ <http://www.hubspot.com/products/marketing-automation>, accessed on 15.04.2016.

⁹ <http://marketingautomationtimes.com>, accessed on 13.04.2016.

¹⁰ <https://www.techopedia.com/definition/15586/marketing-automation>, accessed on 14.04.2016.

Contacts are created in marketing automation platforms by submitting forms. One of the most appreciated methods to gather data from people is to offer them something in exchange – a document, a video, training, etc. “The success key is to promise customer a benefit”¹¹.

In a similar manner, the companies’ websites can be integrated with marketing automation systems and every action a person performs gets stored in its profile. The continuous loop on customers’ actions helps marketers understand their needs or curiosities. Sometimes from a click to a sale is just a step if the system is correctly configured based on previous experiences and deep understanding of customer’s actions. Campaigns are all automatized, meaning that once built in several decisions steps and activated, the contacts will follow the created path; campaigns can be linked one to another in order to satisfy different types of customers. Emails can be sent based on actions, time intervals or a range of other parameters and can include customized auto-responders. Email content can be configured dynamically – driven by prospect data fields and/or sales representatives’ assignments. Social sharing (ex: LinkedIn, Facebook, Twitter) and integration with preferred email programs (ex: Outlook, Apple Mail, Gmail, Mozilla Thunderbird and Chrome) are included.

Some systems offer by default an A/B testing for campaigns. In case a campaign has to be launched, but marketers are not very sure on some details (ex: subject line), they can apply an A/B test that will split contacts in 3 groups: 2 small groups (ex: each one will have 10% from the total contacts that will be implied in the campaign) and one big group (for this example, 80%). Contacts from first two groups will receive earlier the two versions of emails (10% with first subject line and 10% with second subject line); the winner email will be considered the one that has more engagement (more opens, clicks) and will be sent to the remaining contacts.

Having a history of customer engagement helps in segmentation and targeting. Marketing automation systems offer various possibilities of niches creation, depending on customers’ engagement, emails sent/received, emails opened/not opened, customer’s characteristics, entered campaigns, previous sells, events participations, webinars seen, assets downloaded.

Even if marketing automation systems store the customers’ actions in relationship with the company, it was necessary to build a ‘resume’, so Lead Scoring models have been developed. In this manner, contacts could be classified. Conditions for each type of engagement are customizable, depending on business needs. Segmentation in marketing automation platforms is built from segmentation theory based on criteria¹²: geographical, socio-demographical, social, psychological, economical, customer behavior.

¹¹ Ogilvy, D., *Confesiunile unui om de advertising*, Editura Humanitas, 2009, Bucuresti, p. 22.

¹² Beane, T.P., Ennis, D.M., *La Segmentation des Marchés: Une Revue de la Littérature*, Recherche et Applications en Marketing, no. 3/1989.

Social Marketing provides the capability to increase the reach and impact of company's content across social channels. They could be organized in three areas: social sharing (which offers intelligent share buttons triggered by prospect actions, customization of the share message and image and the capability to build a database with social profiles and prospects' sharing behavior), social engagement (allows companies to publish video content on their site and their social media page, engage their audience with polls and voting and embed forms across all channels with reward or discount incentives), social promotion (run sweepstakes offers for data capture and build socially driven referral programs).

Marketing department create campaigns and events, marketing automation platforms catch and create data, manages contacts. But who do we understand if department is taking the correct marketing decisions? All platforms have huge offers of reports, from simple counts (number of sent/ received/ opened emails, number of unique clicks, number of click throughs, etc) to strong financial analysis (campaign/ event performance results with customizable metrics; influence reports showing the impact of marketing campaigns and a revenue modelling capability that reviews the sales and marketing process at a high level).

Closed-loop reporting is a must – customers need to see how the efforts of the marketing and sales team moved the prospect through the sales funnel – from first conversion to the closed sale. Other critical data can answer the following questions:

- Who are the hottest, most engaged buyers?
- What web pages did the prospect visit?
- Which search terms brought them to your site?
- How did they respond to your email marketing campaign?
- Are they on the website now?

This process is the essence of inbound and content marketing, as its importance to a business can't be emphasized enough. Considering a software answers these questions, this feature alone can pay for the entire system cost within a short period of time when used properly by a company's sales department.

Some systems (Pardot) offer connectors to Google Analytics, which passes data from your Google Analytics tagged site into Pardot to be synced with the CRM system. This provides a review of marketing effectiveness at both the campaign and individual level. Also included in Pardot's reporting and analytics is a campaign ROI calculator which shows cost per lead, cost per sale and ROI data.

Eloqua offers the following 4 main feature: Eloqua Discover for Salesforce (a prioritized view of the hottest, most engaged prospects and accounts to increase lead generation quality), Eloqua Profiler (intuitive graphical summary of prospect online activities and behaviors that helps sales people focus conversations on topics that resonate with buyers and create qualified sales leads), Eloqua Engage (a tool that lets sales professionals customize, send and track pre-built

email templates from the iPad, CRM, or web), Web Visit Alerts (real-time lead generation email alerts sent directly to sales when hot prospects visit company's website, containing visitor details like pages visited, length of visit and search terms used). Also, Eloqua offers closed-loop reporting and since "Eloqua Insight" is built on a Business Intelligence platform, Eloqua provides powerful reporting and dashboards that companies can customize to uniquely meet their reporting requirements and needs.

Marketing automation platforms offer indeed many possibilities for companies to build strong relationships with customers, integrating all existing interactions. Being oriented to cover consumers' needs on long term is the actual phase of marketing today, having the role to "determine needs, wishes and interests of targeted markets and to provide wanted satisfactions in a more efficient and operative way than competition, in a manner that protects and increase customer's and society's good"¹³.

Software costs and explanation

In the last years, marketing automation platform implemented new features and they become very stable and sales driving; this might explain their prices that are estimated around tens of thousands annually. When investigating which platform is more suitable for a business, it is said that price shouldn't be the most important factor in company's decision, given that it will be used for years and still has to be capable to sustain a bigger company.

The most important players of the market have different packets, depending on business needs. Below is an average of estimated costs:

Table 1

Software Costs¹⁴

Platform	Marketo Standard	Pardot Enterprise	Eloqua
Base program cost	\$3,995 per month	\$2,000 per month	\$4,000 per month
Number of users	Unlimited	Unlimited	50
Number of emails sent per month	Unlimited	Unlimited	
Training cost	Included	Included	Included
Integration cost:			
CRM	\$200 per hour	\$200 per hour	Not published
CMS	\$200 per hour	\$200 per hour	Not published
Total Annual Cost:	\$47,940	\$27,600	\$50,000+

¹³ Kotler, Ph., Armstrong, G., *Managementul marketingului*, Ediția a III-a, Editura Teora, București, 2005, p. 35–36.

¹⁴ <http://www.thesaleslion.com/marketo-vs-eloqua-pardot-review-compare>, accessed on 14.04.2016.

Even if costs are evaluated as high, the licenses are sold continuously. The same trend happened with other systems as well, such as integrated systems or CRMs. “Organizations have spent millions of dollars adopting salesforce automation (SFA) systems, and this trend continues to grow”¹⁵. The success key of this kind of business solutions seems to be the orientation to customer by teaching companies’ processes, workflows, procedures that were developed in time, by real time research. Practically, companies learn how to get standardized with a success formula and this is a secret for which many CEOs would pay.

Conclusions

Marketing automation has started its performance as an extension from direct marketing, but its abilities demonstrate nowadays that it might be a possibility for companies to build strong customer relationships. It is not a holy grail and is still too often seen as a way to automate marketing. While the possibility to automate often repetitive tasks is essential, the human, connected and customer-centric dimension is essential.

Softwares for marketing automation have several qualities that couldn’t be missed for a company that is still in doubts when referring to implementation: scalability (efficiency could always be optimized), reporting (closed-end reporting), alignment with sales team (providing qualify leads at the right time), communication in a personal way (personalized emails, events), running programs across multiple channels (multiple channels to communicate with different audiences).

The success of a marketing automation implementation does not – primarily – depend on the selected marketing automation software either and – again – certainly is not about just “automating”, if the automated workflows, interactions, offers, content, analytics, etc. are correctly built (depending on company’s needs). The shift from selling to buying, along with the advent of several new digital channels, used by consumers and B2B buyers, keeps impacting the marketing automation industry and the adoption of marketing automation by organizations.

There were 202 different marketing automation solutions on the market at the end of 2016 with a fast increasing in the last period. Statistics show that the industry is growing steadily, and it doesn’t seem to be slowing down any time soon. Companies are beginning to consider it a top priority. Many marketing specialist work in this domain, so my assumption is that in some years students will learn best practices in marketing automation in universities, as this places a very important role on companies.

¹⁵ Parthasarathy, M., Sohi, R., *Salesforce automation and the adoption of technological innovations by salespeople: theory and implications*, Journal of Business & Industrial Marketing, 1997, Vol. 12 Iss: 3/4, pp. 196–208.

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