

MARKETING FINDS ITS 'A' GAME

ABSTRACT

One track marketing campaigns that leverage only one mode of communication and a single message have lost their edge according to numerous reports of single digit response rates. Today's customers are more sophisticated, better educated and richer than any who precede them and the marketplace is much more competitive than ever as a result. Effective marketing leverages multiple modes of communication, multiple messages and is done over a longer time span than can be accomplished with a one shot effort. In this environment, marketing tools that support the full marketing lifecycle have evolved to address these new market realities. End-to-end marketing requires logical campaigns that build knowledge developed over time — for both vendor and customer. This approach has been long advocated by experts such as Don Peppers and Martha Rogers (e.g. "The One-to-One Future" and many other books and publications on the subject) and is now within reach for even small companies due to strides made in on-demand technology.

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Driven by tough competition and savvy, demanding customers, companies are increasingly relying on new marketing technologies to tap into real customer demand. The technologies — along with improved techniques — are driving down costs even as lead qualification dramatically improves.

INTRODUCTION

When done right, marketing is a practice that identifies and selects prospective customers, educates them and nurtures their interests, and continuously analyzes and improves its practices to achieve optimal results for its internal customers in the sales department. Advanced marketing practice has come into its own relatively late in the CRM life-cycle as less organized approaches to buyer identification and qualification and has lost traction due to the growing sophistication of buyers and increasing market competitiveness. In short, customers drive business more than ever and the old sales and marketing process is rapidly evolving into a customer buying process in which customers demand information and determine deal timing. Sales organizations that expect to do well today must be backed up by sophisticated, insightful and, most of all, integrated marketing that can anticipate and respond to customer demands.

Many organizations are still in the process of accepting this new paradigm and they may still rely on single channel efforts such as broadcast email, direct mail or advertising alone to generate interest in their products. However, studies such as the annual report on sales trends by CSO Insights reveal that in 2006 only 59% of sales representatives achieved on- or above-quota performance. Moreover, a recent study by Beagle Research showed that only half of the sales people surveyed felt their companies were doing enough to help them reach that milestone.

In the last two decades much attention has been paid to optimizing the work of the sales representative with good results. The invention of sales force automation (SFA) and further innovations that made it ubiquitous and inexpensive through on-demand technology have done a lot to optimize the sales process. In comparison, relatively little has been done to improve the raw material that goes into the sales process — the lead and the process that generates it — until now. Modern marketing technology and techniques are now taking up the challenge with significant results.

Advanced marketers are using modern marketing tools in combinations that provide appropriate support for end-to-end business processes that ideally support the sales organization's need for qualified leads. This Beagle Research Group Executive White Paper discusses the different needs marketers face and options for filling those needs that also contribute to securing an efficient end-to-end process.

BUSINESS PROBLEM

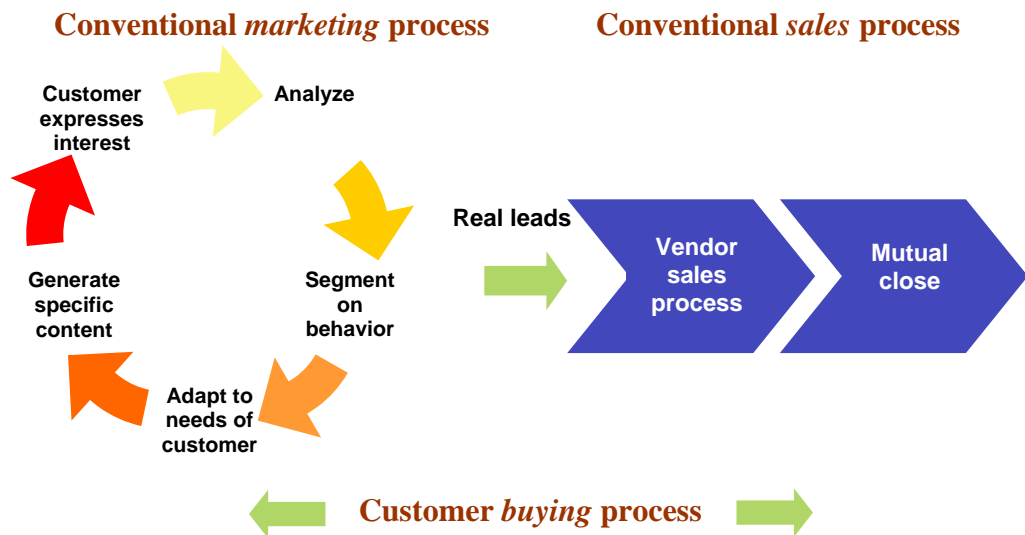
New markets are relatively simple to sell into. A vendor in a new product category can sell a relatively undifferentiated solution and most of the sales effort involves education about basic features and functions. As markets mature the competition moves from features to benefits and customers increasingly demand perfect fits for their needs. In many markets that have emerged over the last several decades we have

witnessed this progression so that today in market after market customers know more about their needs and are demanding more from their vendors.

As this progression has taken place the old marketing approaches to “generating interest” have become inadequate. Customers know that if one vendor cannot exactly meet their needs, another one can. Consequently, as customers have become more circumspect, it has become a necessity to better qualify them so that sales people can better execute to increase company revenue streams.

As this progression has gained traction, momentum has passed from the vendor to the buyer and the conventional marketing and sales process has evolved into a customer buying process. As Figure 1 illustrates, the component parts of vendor outreach processes have been elaborated and improved (especially in marketing) to respond to more refined customer information needs. Through automation, this elaboration has enabled vendors to reach more people more often and at a lower cost than conventional approaches that often simply put a sales representative in front of a poorly qualified prospect.

Figure 1. Vendors have viewed marketing and sales from a departmental perspective but customers view the processes holistically



Source: Beagle Research Group, LLC, January 2008

Modern marketing technology makes qualification far easier and more cost effective than traditional selling, but marketing is now very different than it once was. The modern marketing cycle consists of four parts and at least three are familiar to all marketing professionals. Needs analysis, qualification and maturation is emphasized to a greater degree than ever in the new marketing paradigm and it is in these areas that technology can do the most to improve close rates and bring down the overall cost of marketing and selling.

1. Attraction/awareness building

2. Needs analysis, qualification and maturation

3. Hand off
4. Analytics

BUILDING A LEARNING RELATIONSHIP

Because customers can make purchases at any time — not just when a salesperson calls on them — marketing must be in constant contact with prospective buyers to ensure that the vendor understands the buyer's position and the buyer understands the vendor's products and latest offers. Peppers and Rogers first described this approach in the mid-1990's as "1:1 Marketing" and the process is sometimes referred to as the "learning relationship".

In a learning relationship, both parties trade information. It may not seem like the prospective customer is providing much information at times but the fact of the prospect's interest is the key. Rather than trying to provide all possible information at once (and risk inundating the customer), a learning relationship engages in a conversation that provides increasingly detailed information to the customer in exchange for like information.

Again, the information exchanged might seem trivial — size of need, budget availability, decision maker status, for example — but as any sales person knows, these pieces of information are the nuts and bolts of qualification. As the conversation builds trust, the information flows in both directions and analytics are usually employed to identify the prospects who are most qualified to hand off to the sales team.

Conversely, if information is not forthcoming it is a reliable indication that the customer has opted out for a variety of reasons such as timing, budget or poor fit. Using marketing technology to reach this type of conclusion qualifies some prospects out of the process and it achieves the goal at a cost that is far lower than making multiple sales calls.

The process

When a prospective customer requests information about a product, the information may be provided through a variety of low cost methods such as webinars or specialized Web sites (landing pages for a specific program or microsites uniquely deployed for a specific customer). As trust and rapport are developed higher value information such as when the customer wants the solution in place and whether there is budget earmarked for the solution may be asked for and traded for higher touch information such as a webinar invitation. Some parts of this process may be performed through automation while other parts can be done by people on the phone or through the Web which can save significant costs over a sales call. The result is a better qualified lead that is actionable by the sales department when it is officially turned over to sales.

It is also important to appreciate that this approach will usually result in fewer — but higher quality — leads because so much of the work of disqualifying some customers has already taken place. It is also worth noting, especially for big ticket items, that the decision process can take a while. In traditional marketing and sales, once a lead is qualified out it is often forgotten. However, by some estimates as much as two-thirds of disqualified leads eventually make a purchase, so it is wise to keep those leads in a program for continually updating and informing these leads.

Historically, this may have been left to the sales representative who, understandably, preferentially focused on current opportunities. When that job was left to marketing, on the other hand, these leads might have been relegated to receiving the same initial information packet through several marketing programs. Such an approach would not advance the prospective customer's knowledge and the marketing pieces would eventually be regarded as "junk".

Modern marketing tools

The marketer's arsenal today is a rich tool box containing products that perform most phases of the marketing process. Organizations that rely on a single tool, however, run the risk of using the proverbial hammer too often — to solve all problems. The examples below describe the major parts.

1. **Email marketing.** Often used in the first steps of attracting interest, email marketing has lost some of its effectiveness in recent years as organizations respond to what they see as spam with firewalls and filters; nevertheless, if done correctly, email marketing is an important tool for the learning relationship. Email marketing is effectively used to provide prospective customers with well chosen nuggets of content that precisely deliver something of value whether it is a bit of information, an invitation to a Webinar or an alert about new content available on a microsite. The best email marketing solutions are delivered by companies that have encountered the issues of filtering and blocking and that have built solid reputations for refusing to promote spam while devising strategies that can make email less of a target for screening devices. For example, one of the best ways to avoid being mistaken for spam is to include a polite request in an email footer for the customer to add the sender to his or her allowed senders list early in the relationship.
2. **Lead nurturing via microsites and landing pages.** A classic learning relationship is a personal phenomenon so the vendor must make an effort to show the prospect that even though the two may communicate via a relatively impersonal medium, that the vendor is aware of the unique needs of the customer and has custom designed the portal or microsite with that customer in mind. Landing pages provide an easy to maintain place where marketers can provide customers with specific automated information related to a program and they are effective in single-threaded campaigns. The big difference between a landing page and a microsite is that the microsite can be much more dynamic and microsite vendors embed analytics that can trigger automatic responses and provide customized content. The microsite can also be useful in enabling the vendor to develop situational content that may fit the need of multiple customers at a specific point in a sales cycle. A microsite can reduce the cost of delivering specific information by several orders of magnitude over the cost of a face-to-face sales call and due to that economy of scale microsites are becoming cost effective even in e-commerce situations where there is frequently little or no direct contact between employees of the vendor and buyer.
3. **Web site analytics.** Analytics have evolved significantly from their starting point of tracking mouse clicks on Web sites. Today, analytics are used to help vendors track and understand customer activities and preferences both on Web sites and more generally in response to any marketing outreach. Moreover, analytics solutions are also used to help marketing and finance personnel analyze the effective-

ness of individual programs (see below). Web site analytics process high volumes of information given off by customers either during a single visit or over the course of a relationship. Analyzing customer “buy signals” — such as pages visited, number of times visited and much more — enables marketers and sales people to identify prospects with the greatest potential to transact but they also can be useful in identifying prospects who may be stuck in a sales process and who need additional help. For example, in complex processes like mortgage origination that involve filling out forms, analytics can be very useful in identifying customers who might otherwise become frustrated and give up or later visit a brick and mortar outlet — a more expensive sale for the vendor. Vendors can also tie analytics to other products for example for on-line chat, co-browsing or direct phone calling.

4. As noted above, analytics are also increasingly used by marketing organizations to assess the effectiveness of individual programs and, for example, to track campaigns and ROI. Marketing analytics give marketers and financial analysts the tools they need to calculate not only the gross number of leads generated by a program but also to provide such valuable information as comparisons between different programs and within the programs by offers; revenue generated by program and by offer; deal size; and the cost of revenue by marketing spend. There is almost no limit to the analyses and, most importantly, the metrics an individual company can devise to track its marketing spend and subsequent results. For example, a company investing in Google AdWords campaigns can easily track spend on a variety of promotions and offers then use analytics to determine the most effective combination of offers.

USING A PLATFORM TO PULL IT ALL TOGETHER

In many cases marketing systems need to access data that is often stored in the SFA system. In the case where a company is selling an additional product to the customer base, lead and customer contact information will come from the SFA system, for example, while qualification information will flow in the opposite direction. Data flow between the systems is therefore mandatory for the handoff.

Handing off to sales happens in different ways depending on the product, customer and channel. For example, on-line selling might involve a person-to-person interaction only at the close and that interaction might happen through chat and co-browsing while in a traditional sales process the marketing organization may initially develop the relationship and then hand it off to the sales team. One important difference between the current practice of marketing and sales and the practices of only a few years ago is the much higher degree of integration between systems which is partly responsible for improving results.

Earlier marketing automation systems were more stand-alone and migrating data from an email marketing system, for example, to a microsite might have required regular exports and imports of data between the systems. Often a third application for extraction, transformation and loading (ETL) would be used to cleanse and move the data which added time, expense and the potential for error to the process. The introduction of a common platform such as salesforce.com's Force.com upon which all systems can be based has brought integration to a new level of simplicity and, in many cases, eliminated the need for ETL resulting in quicker and more streamlined transport of actionable leads from marketing to sales. Furthermore, various additional available tech-

nologies such as workflow software that integrates on the same platform have made the transfer process auditable providing marketers and sales managers with another level of control.

Use scenarios

The technologies discussed so far can be effective in multiple different selling scenarios from traditional high touch selling to on-line efforts. Some examples follow.

1. Email marketing attracts a prospect to an e-commerce site. The prospect evaluates some pages, analytics surface interest and score it and marketing may respond sending landing page information in a process with few iterations that results in an on-line purchase. Alternatively the lead might be handed over to inside sales.
2. In a more complex process or when a more sophisticated or expensive product is involved, vendors are turning to microsites as low cost strategies for nurturing interest and maturing a lead. In this scenario a customer might follow email marketing campaigns for several months then visit a Web site and ask for specific information. The vendor responds by drip feeding information through a microsite in exchange for basic information about the prospect, the need and the time frame. Analytics follow the prospect's activities and surface interest while scoring determines the prospect's readiness for a further round of marketing or hand-off to sales whichever is appropriate. The sale can culminate on-line or through a traditional sales process.
3. Like #2 above but a sales or marketing representative might be inserted earlier in a more traditional sales process once a minimum level of qualification is reached. In this case the microsite might be used as the common meeting ground for both the sales representative who would provide specific information and the customer. Alternatively, a marketing person may become the primary contact responsible for supplying the requested information and requesting additional input from the customer. The microsite supports and enhances the face time spent by sales in developing relationship and ultimately the deal.

REPRESENTATIVE MARKETING AUTOMATION VENDORS

The following companies represent different parts of the integrated marketing process discussed above and many have already been integrated with some of the other products described here as well as with the salesforce.com offerings. The results are fully proven examples of modern marketing in action.

Eloqua — Demand generation, lead scoring, marketing automation, forms and landing pages

Eloqua provides a rich marketing and demand generation environment for larger companies. Eloqua specializes in providing demand solutions for sophisticated products and complex sales situations. These situations typically involve multi-touch sales processes regardless of whether the touches are performed by a direct or indirect sales team — most often these companies also rely on some amount of automation to screen prospects and qualify customers prior to more intensive marketing. The company offers a wide range of capabilities that enable marketing solutions that are customized to the needs of a vendor. Capabilities include email for sales and marketing people, rules

based chat, landing pages, Web forms, direct mail, advertising, key word search and tele-prospecting. While these tools can be applied in a variety of markets, Eloqua has been most successful in high-tech and financial services verticals.

ExactTarget — eMail marketing programs

ExactTarget leverages salesforce.com lead and contact data and enables users to develop, deliver and track email campaigns. The company provides the ability to deliver dynamic content including copy, images and links to each recipient thus supporting the 1:1 relationship. This flexibility makes ExactTarget a good fit for a variety of campaigns from lead nurturing to mass invitations to events or other programs. The company boasts high deliverability rates and provides strategies for users to maximize message delivery. There are no daily sending limits with ExactTarget which makes it a useful tool for very large communications efforts. The product also comes with numerous management capabilities including a link on each email that enables the recipient to click back to salesforce.com and update his or her profile, another aspect of a learning relationship.

iCentera — Integrating content management, portal creation, weblogs, and real-time analytics

iCentera has a natural home in the B-to-B space where vendors sell advanced solutions in a complex sales cycle that may take on the order of six months or longer. One of the reasons these cycles are so lengthy is that many people (a.k.a. buying influences) need to learn a good deal about multiple products to make an informed decision. So, for example, an organization interested in technology, business or financial services may need to compare multiple vendors across a wide range of capabilities. This situation, in which a vendor must show concrete value over time, is ideally suited to a learning relationship approach. iCentera helps marketing organizations to develop personalized Web sites which effectively become the marketing vehicle. The private web site is dynamic and can convey any information that the vendor believes would be useful to the customer including news about a specific product or the company, discussion forums, blogs, calendar of information — much more than a static page.

Manticore Technology — Demand generation, Lead scoring and Marketing Automation

Manticore positions itself as an affordable on-demand marketing platform for small to medium businesses. Manticore is well integrated with salesforce.com through Force.com and can easily share data with salesforce.com or with other solutions that a customer may be using to provide for full spectrum marketing. The company's products span most of the marketing cycle including building lead nurturing programs, landing pages and lead scoring. The system tracks prospects' marketing responses like website click-paths and organic search terms. This can be used to send sales people automatic email alerts informing them when particular prospects are on the Web site. The company boasts a highly intuitive user interface and provides a 30 day trial. The implementation process is typically only one hour.

Omniture — Web site analytics

Omniture is pre-integrated with multiple marketing tools on the AppExchange and provides analysis along the whole marketing continuum so that marketers can assess the costs and relative success of different programs. Omniture provides analytics solutions that enable users to assess the results of their marketing outreach and then fine tune programs, offers and approaches. In conjunction with salesforce.com, Omniture's analytics take raw data and turn it into valuable information. For example, the number of leads generated by a marketing program can easily be calculated and so can the cost per lead when data from salesforce.com is also accessed. But by taking data on closed deals and relevant marketing programs from the salesforce.com database, Omniture can help marketers determine which programs are most effective at generating revenue and the cost of that revenue in marketing dollars spent. Accessing and analyzing data from multiple sources in the sales and marketing process enables marketers and managers at all levels to fine tune their spending and optimize their results

PluraPage — Microsites and landing pages

PluraPage is a point solution for B-to-B marketers that enable them to customize and personalize landing pages and microsites for their campaigns. The product is fully integrated with salesforce.com's platform which enables PluraPage to work with other marketing solutions for email marketing and analytics, for example. PluraPage shares data with salesforce.com and through it to other marketing solutions that end users configure to provide end-to-end process support. PluraPage's low cost, on-demand solution and easy integration with other marketing solutions in the AppExchange universe make it a good fit for ISVs, mid-to-large agencies and marketing departments of larger companies that have little IT support.

VerticalResponse — Self service direct marketing

VerticalResponse is an email marketing service adapted to fill the need within salesforce.com for sending large volumes of email. VerticalResponse also offers a direct marketing tool that allows Salesforce users to design and send customized, full color postcards. As a trusted provider of email delivery services, VerticalResponse can help organizations to get their messages delivered when spam filters and firewalls might otherwise reject email. The company provides an innovative on-demand business model for its service that requires no contracts and enables any client organization to be up and running virtually immediately. Since many of the companies serviced by VerticalResponse may just be getting started with email marketing, a transaction based model enables customers to pay only when they use the service. Payment is based on credits that can be purchased on-line and which carry a volume discount for both email and postcards. VerticalResponse's service extends into providing users with best practices through a user community and blog. Best practices also include not allowing the use of third party lists. The company says that these controls led to their reputation as a trusted source in addition to higher delivery rates.

Vtrenz — Marketing automation, Lead generation, Lead scoring

Vtrenz offers a suite of marketing solutions that are targeted to the mid-enterprise B2B marketer. Vtrenz helps users to manage leads online and communicate with prospect using various tools such as email and survey tools. Through on-line design tools marketers can design and develop multiple single- or multi-track marketing campaigns and set them up to run automatically. Built-in analytics enable marketers to track Web behavior or microsite activity, score leads to identify those leads ready for handoff to sales and to provide the functionality needed for closed loop financial reporting. vTrenz integrates with salesforce.com as well as many of the tools found on the AppExchange.

CONCLUSIONS

In many markets today, customers have gained, or are gaining, the upper hand and turning the sales process into more of a buying process. Modern marketing technologies and techniques take this reality into account and enable vendors to leverage the new realities without incurring high costs. A traditional sales organization operating in a customer buying process will quickly discover that it cannot profitably make the number of repeated sales calls that would be required under the old rules.

Modern marketing automation is improving the end-to-end business process of marketing and sales in several ways:

1. Keeping the process moving. In the traditional sales process many leads never go anywhere, usually for superficial reasons such as the customer is not ready to purchase within the time frame that is convenient to the salesperson. But studies have shown that as many as two-thirds of those 'bad' leads ultimately become good leads and it is therefore important for an organization to find ways to invest in longer term conversations that nurture interest until a person or organization enters an active buy cycle.
2. Reducing costs. Often the costs of sales and marketing are considered separately since they are different departments with different budgets. However, customers do not make such separations and finding efficient and low cost ways to stay in contact will boost sales. When viewed as an integrated marketing and sales process it is clear that a small expense in an automated information campaign for example, can pay big dividends in both reducing the costs of marketing but also in reducing the expenses associated with making needless sales calls. Modern marketing certainly earns its stripes in generating better leads but almost hidden is the positive effect on the cost of sales.
3. Improving lead quality. Marketers have always had the ability to develop interest from customers but what has been missing has been an effective way to convert interest into action. With modern data capture, analysis and scoring techniques, marketers can at last provide better and more qualified leads to sales. This presents a new dynamic that both sales and marketing must deal with — since the leads now delivered by marketing are better qualified, there is an enhanced urgency to deal with them immediately. Salespeople should no longer have the right to sort through leads expecting to cull the 'best' for immediate action. In the same

vein, because the leads are more processed and highly qualified, there are fewer leads making the salesperson's job more manageable.

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