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EXPERT VIEW

Marketing Automation: Unique Kid on the CRM Block

You'd think that "marketing automation," like "sales automation," would be part of a CRM system. In theory, sure. But in practice, you need to know how these systems fit together and how they don't.

By David Taber

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MON, SEPTEMBER 28, 2009 — **CIO** — CRM systems are supposed to comprise everything that touches the customer relationship. Through native functionality or integration across systems, CRM systems are supposed to achieve the holy grail of the 360-degree view. But all the good books on CRM were written before the current wave of internet marketing techniques (Twitter anyone?), and marketing automation apps continue to evolve rapidly.

Marketing automation systems interact deeply with leads, and may even trigger the conversion of leads into contacts. So there's definitely overlap with the front end of the CRM pipeline. Before we talk about the overlap, though, we need to talk about where sales and marketing automation are different.

Not Just a Matter of Semantics

The first critical difference is at the business process level: marketing automation is focused on lead management and cultivation, the end product of the awareness and demand generation business process. In contrast, sales automation starts with the output of the marketing automation process: well groomed and cultivated contacts who are ready to start a sales conversation.

So the first and most fundamental point of confusion comes when users think that sales and marketing are interchangeable words. Of course marketing feeds sales (they'd better!), but the two need to be optimized as separate, tightly linked business processes.

The second critical difference is at the "willingness to talk" level. Marketing automation works with an audience or a community that's a target market. At the outset, these individuals have no specific interest in your product, even if they are aware of your company. They aren't yet leads—they're just "names" with an email address or phone number. Even if they've provided some information as part of a registration cycle, you don't know much about them or their level of interest.

The marketing automation system's focus is to build awareness among the "names" so that they really want to know more—and that can take months. At that point, the name graduates and becomes a lead. So the second point of confusion comes when users (particularly in sales) think that names are willing to take a call, or are worth sales cycles investment.

Marketing's Dynamic Profiles

The starting point for an SFA system is a campaign that results in a lead insertion or update. But the campaign is typically an exogenous event: perhaps a tradeshow or an ad or a webinar.

That's where the marketing automation system comes in: it helps execute the campaigns and manage the results prior to lead insertion. Typically, the marketing automation system has to deal with much larger numbers of people (the conversion rate from names to leads may be only a few percent) and monitor very different details than the CRM system does.

Unlike the relatively static profiles in a CRM system, a marketing automation system has to maintain dynamic profiles based on behavior, such as: e-mail blasts and follow-up threads; Webinar registration and attendance; internet ads; dynamic web site content (particularly landing pages and recommendation messages); individual clickstreams / page-path histories; social media; downloads, site registrations, and interest profiles; hard copy collateral selection /distribution.

Given the large number of names, the marketing automation system may need to track millions of interactions. And all that data is, from a sales perspective, uninteresting detail until the name is

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converted all the way to a contact who is willing to take a phone call.

Tight Integration with CRM

Just to confuse things, CRM vendors are adding marketing automation features. And there are some marketing automation systems that run entirely inside CRM platforms. But if your company is serious about marketing automation, you'll probably be using an external system. Keeping them separate lets you keep highly granular behavioral information for the names without bogging the CRM system down with millions of records.

The marketing and CRM systems need to be joined with two-way integration. The marketing automation system relinquishes control of the names once they have been promoted to leads.

At the time of promotion, the lead's profile, score, and interaction summary are sent to the CRM system. The marketing automation system will provide ongoing communications services (email, web, social networking) on behalf of the CRM system and must send over updates for the leads or contacts. These ongoing updates alert sales to prospect activities, helping the reps understand the evolving state of the deal.

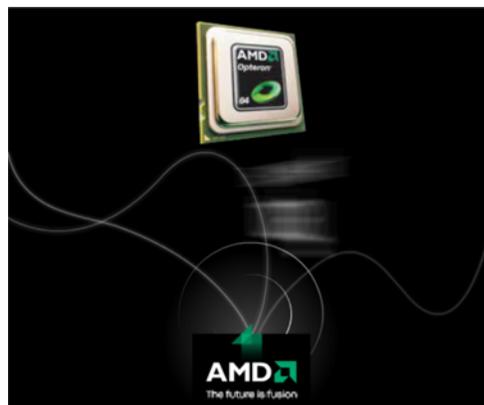
Leads and contacts in the CRM system may sometimes be demoted back to names, either because they have been disqualified by sales or the deal has been lost. In this case, the lead or contact record has to be deactivated in the CRM system and ownership pushed back to the marketing automation system. If that person starts to express direct interest again, this process will be reversed and the cycle starts all over again.

The cost of weak integration? Huge data duplication and diminished data quality, which yield only waste and degraded system credibility. Collaboration also suffers, as sales and marketing will be missing visibility and a key feedback loop. So it's worth your time to think this through and evaluate marketing automation vendors for the depth and effectiveness of their integration with your CRM system.

David Taber is the author of the new Prentice Hall book, "Salesforce.com Secrets of Success" and is the CEO of SalesLogistix, a certified Salesforce.com consultancy focused on business process improvement through use of CRM systems. SalesLogistix clients are in North America, Europe, Israel, and India, and David has over 25 years experience in high tech, including 10 years at the VP level or above.

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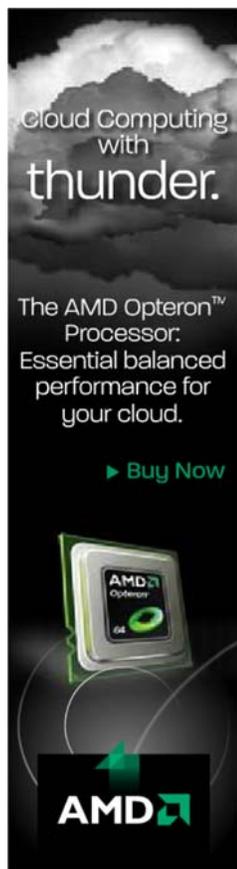
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Maria Pergolino - Marketo Mon, 2009-09-28 17:05

Another great post David. I like how you approach topics in the CRM space- looking at how to drive the most success for an organization.

For those looking for more about marketing automation, they can find a list of white papers, webinars, and more on the topic, including 5 important questions to ask when considering buying a marketing automation system here: Marketing Automation Resources

http://www.marketo.com/b2b-marketing-resources/marketing-automation.php

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