# The Impact of Marketing Automation on Marketing Effectiveness

## A Supplement to the 2012 Lead Generation Marketing Effectiveness Study

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**Introduction**

The 2012 Lead Generation Marketing Effectiveness Study examined how integrated marketing automation, strengths in key competencies and the use of ROI metrics influence marketing performance and key lead generation outcomes. This supplemental analysis digs deeper into the use of marketing automation and its impact on effectiveness by further analyzing the outcomes and practices of marketers with marketing automation that is integrated with their sales or CRM automation, those with marketing automation that is not integrated and those with no marketing automation at all (as shown in Figure 1).

**Figure 1: Use of Marketing Automation**

*Do you use full-featured marketing automation in your organization? (includes technologies such as Marketo, Eloqua, Aprimo, Oracle, Pardot, Silverpop, etc.) (n = 373 including the supplemental sample used for cross-tab analyses)*

| | | |
|---|---|---|
| Yes, and our marketing automation is integrated with sales/CRM automation (i.e. **Integrated Marketing Automation**) | **Marketing Automation** | 51% |
| Yes, but it is not integrated (i.e. **Non-Integrated Marketing Automation**) | | 19% |
| **No marketing automation** | | 30% |

## Research Methodology

The *2012 Lead Generation Marketing Effectiveness Study* was conducted by Lenskold Group and sponsored by The Pedowitz Group. The results are drawn from 373 respondents who indicated that they were in B2B companies (half or more of their revenues generated from business customers) and whose marketing group generates leads for a sales organization or channel partners. Members of Demand Gen Report's subscriber base were invited to participate in the online survey along with a supplemental segment recruited through social media and direct contacts

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The full report including detailed findings and recommendations is available, along with additional content at www.lenskold.com/LeadGenROI_2012.

**Summary of Marketing Automation Users**

The 2012 Lead Generation Marketing Effectiveness study identified that 68% of marketers use some form of marketing automation in their organizations. This section summarizes some of the more interesting findings for marketers with marketing automation, regardless of whether their automation is integrated with sales/CRM automation or not..

- Marketing Automation users are more likely to report outgrowing competitors compared to those not using automation (64% vs. 50%). The impact on growth increases with automation and then again with sales/CRM automation integration as shown in Figure 2 of the following section.
- The impact on marketing effectiveness and efficiency follows the same progression, with the integrated marketing automation users showing the highest portion of "highly effective and efficient" marketers (see Figure 3 in the section that follows).
- The use of ROI metrics to assess the effectiveness of at least a portion of marketing is greater among marketing automation users (41%) versus those who are not using automation (24%). See Figure 4.
- Marketing automation users show differences in the use of many metrics for managing marketing performance, especially revenue and sales metrics as detailed in Figure 5, which follows.
- Marketing automation leads to strengths in processes to manage effectiveness but without integrated automation, there are very small gains for strengths in organizational structure, staff skills and tools. See Figure 6.

The following points are detailed in the 2012 Lead Gen Marketing Effectiveness Study. The specific pages in the full report are included for reference.
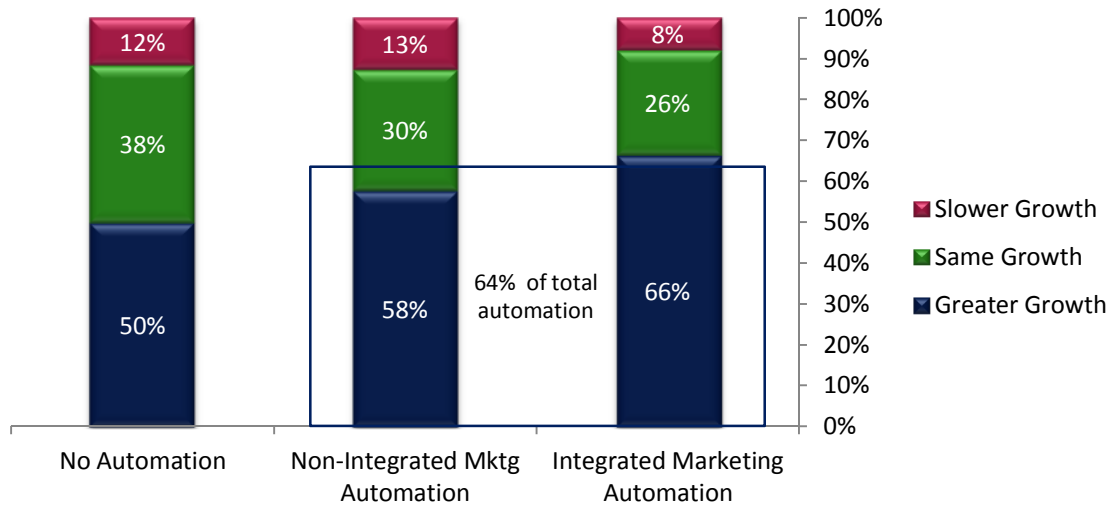
- The addition of marketing automation has generated increases in key lead gen outcomes with the top three being the Quantity of Leads Generated (61%), the Quality of Leads Passed to Sales (60%) and Sales Acceptance (48%). (Page 9)
- Increases following marketing automation were also found for Marketing Revenue Contribution (46%), Lead-to-Sale conversion (40%) and Revenue per Sale (28%), even though close to one in four marketers did not measure each metric. (Page 9).
- Marketers are primarily reaching a "process" level of support from marketing automation, which includes campaign planning and reporting (39%). Twenty-two percent reached a higher strategic level of support that is driven by the CMO and integrated with the sales team while the balance is split between the lower levels of basic tactical level of support (20%) and tactic optimization using analytics (19%). (Page 14)
- Marketers are generally satisfied with the effectiveness of their automation efforts with 61% reporting they are either somewhat to very satisfied. The satisfaction split shows just 13% are very satisfied while 29% are somewhat or very dissatisfied. (Page 17)
- The top three reasons why overall marketing automation users are not very satisfied are lack of content for campaigns (16%), lack alignment with the sales organization (15%) and lack optimization of technologies (15%). (Page 17)

**Marketing automation users realize greater growth and efficiency.**

The benefits of marketing automation follow an incremental progression as marketers move from no automation to non-integrated automation and then to integrated marketing automation. Integrated marketing automation users are experiencing greater growth than their competitors (66%) compared to those with just marketing automation (58%) or no automation (50%) as shown in Figure 2.

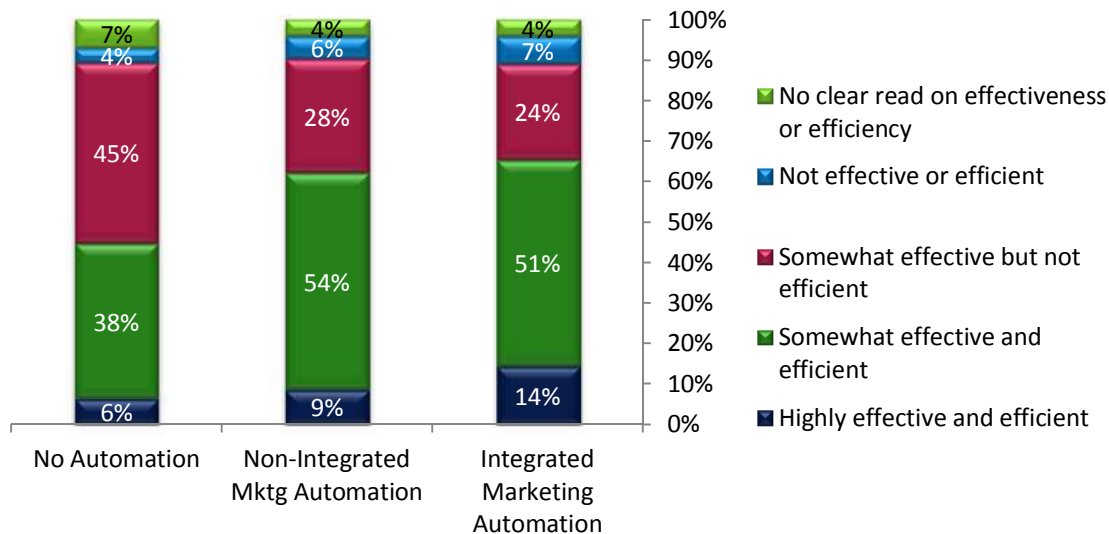**Figure 2: Growth Relative to Competitors**

*How would you describe your firm's expected growth in the upcoming year relative to your primary competitors? (n = 112, 71, 190)*



A combined 44% of marketers without automation report their marketing to be either somewhat or highly effective and efficient (Figure 3). This increases for marketing automation users to 63% for non-integrated marketing automation users and 65% for integrated automation users, showing a large jump over the portion describing their marketing as somewhat effective but not efficient. Marketing automation seems to have a positive contribution to efficiency.

**Figure 3: Marketing Effectiveness & Efficiency**

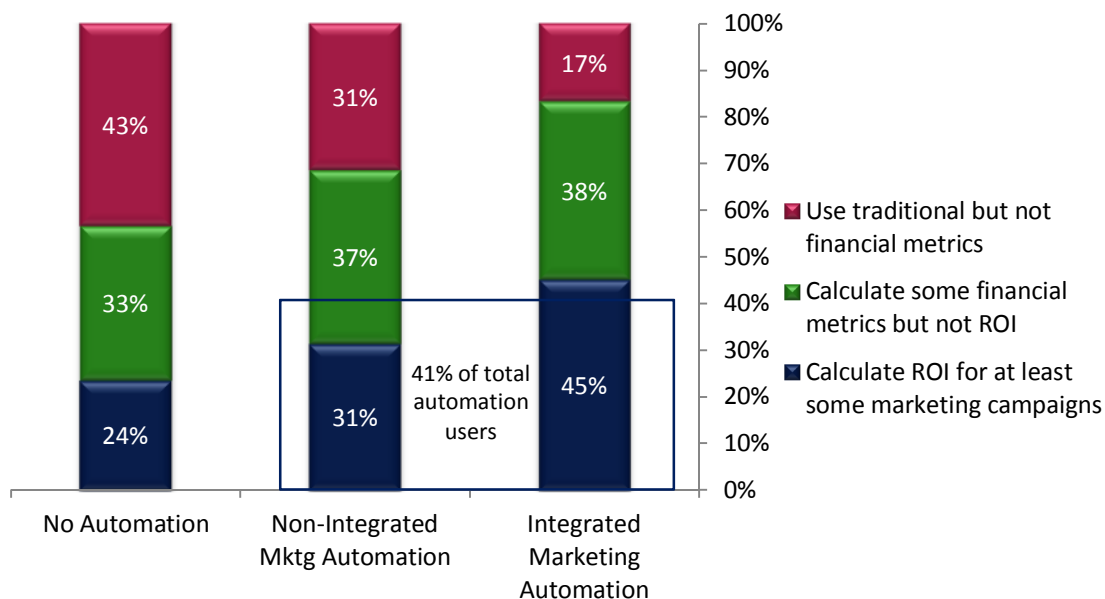*Which statement best describes your marketing effectiveness and efficiency? (n = 112, 71, 190)*

**Marketers using integrated marketing automation far outpace others in their use of metrics.**

The significant gains in growth and efficiency can be attributed in part to the improved use of financial metrics by marketing automation users. Marketing automation makes it increasingly easier to track and evaluate a company's marketing efforts. This point is illustrated in Figure 4 below which shows the increasing progression of ROI metrics use when moving from no automation to fully integrated marketing automation. Marketers with integrated marketing automation (45%) are far more likely to be tracking ROI metrics than those who do not have automation (24%), while those with automation that is not integrated see some gain over no automation (31%).

**Figure 4: Use of Marketing ROI Metrics – Highly Effective & Efficient vs. All Others**

*Does your firm calculate marketing profitability, ROI (return on investment) or a similar financial measure to assess marketing effectiveness? (Choose one) (n = 106, 70, 186)*



Lead Generation marketers were asked which metrics they currently use to manage their marketing performance. The exact wording shown in the survey was as follows:
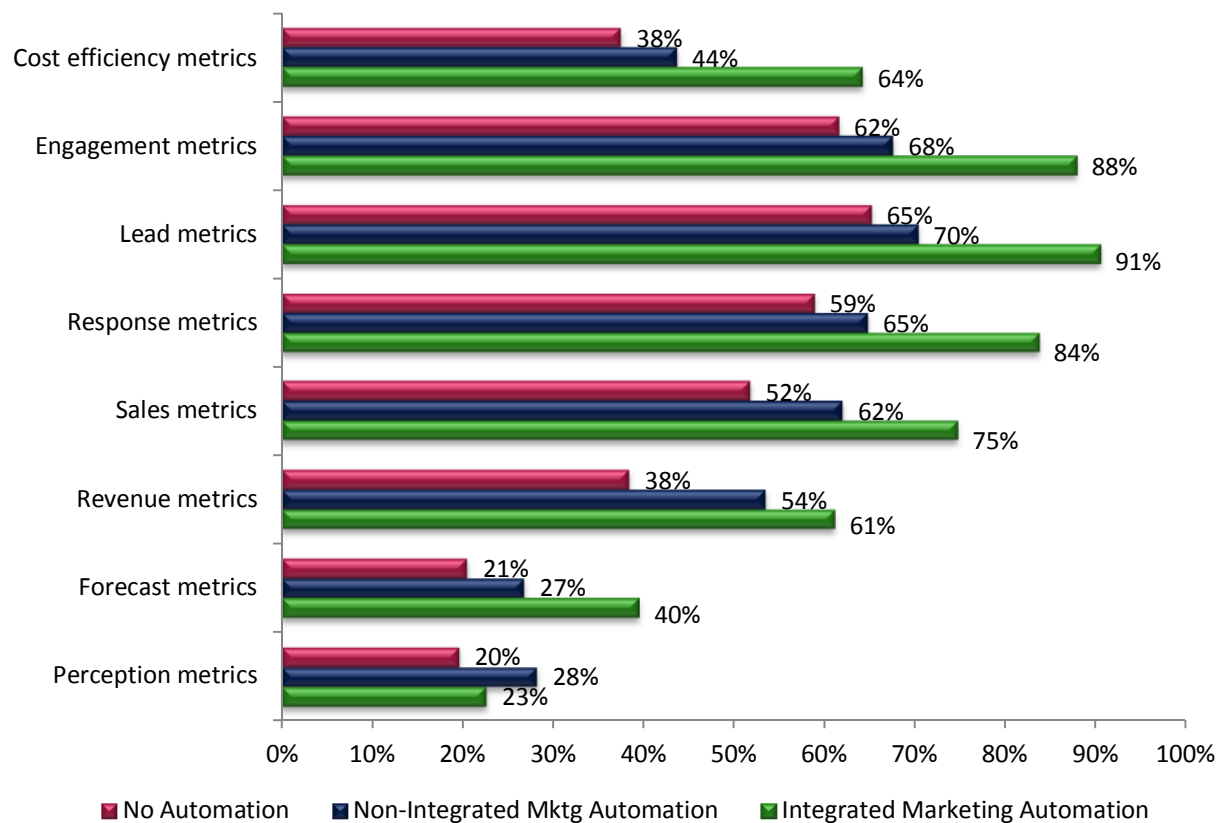
- Perception metrics (awareness, consideration, preference, etc.)
- Response metrics (content registration, event participation, etc.)
- Lead metrics (leads generated, sales-accepted leads, etc.)
- Engagement metrics (web activity. Click-throughs, social media posts. Etc.)
- Sales metrics (sales conversion rates)
- Forecast metrics (projected sales and revenue contribution from marketing)
- Revenue metrics (marketing-generated revenue, customer value, etc.)
- Cost efficiency metrics (cost per lead, per sale, etc.)

The three segments of marketing automation users reported differed in their use of these metrics, further supporting the potential link of automation with metrics to growth and efficiency (Figure 5).

- For most of the metrics examined, use increased progressively from no automation to non-integrated automation to integrated automation.
- It is also interesting to note that in most cases, the metrics use of the non-integrated marketing automation segment is more closely aligned to the non-automation users suggesting that the additional step of integration with sales automation improves the ability to track metrics.
- The one case where non-integrated automation users are clearly more aligned with the integrated automation users is in the use of revenue metrics. (54% and 61%, respectively compared to just 38% of those with no marketing automation). Although not to the same degree, the use of sales metrics shows a relatively greater use over those without marketing automation but use still grows more with the addition of integrated marketing automation.
- While the use of cost efficiency metrics gets a bump up with the addition of marketing automation, the greater increase comes once marketing automation is integrated (64% vs. 44% with non-integrated marketing automation and 38% with no automation).
- Engagement, lead and response metrics follow a similar pattern where the addition of integration between marketing automation and CRM systems provides a larger increase in use compared to the addition of just automation alone.

**Figure 5: Metrics Used**

*Which of the following metrics do you use to manage marketing performance? (check all that apply)*
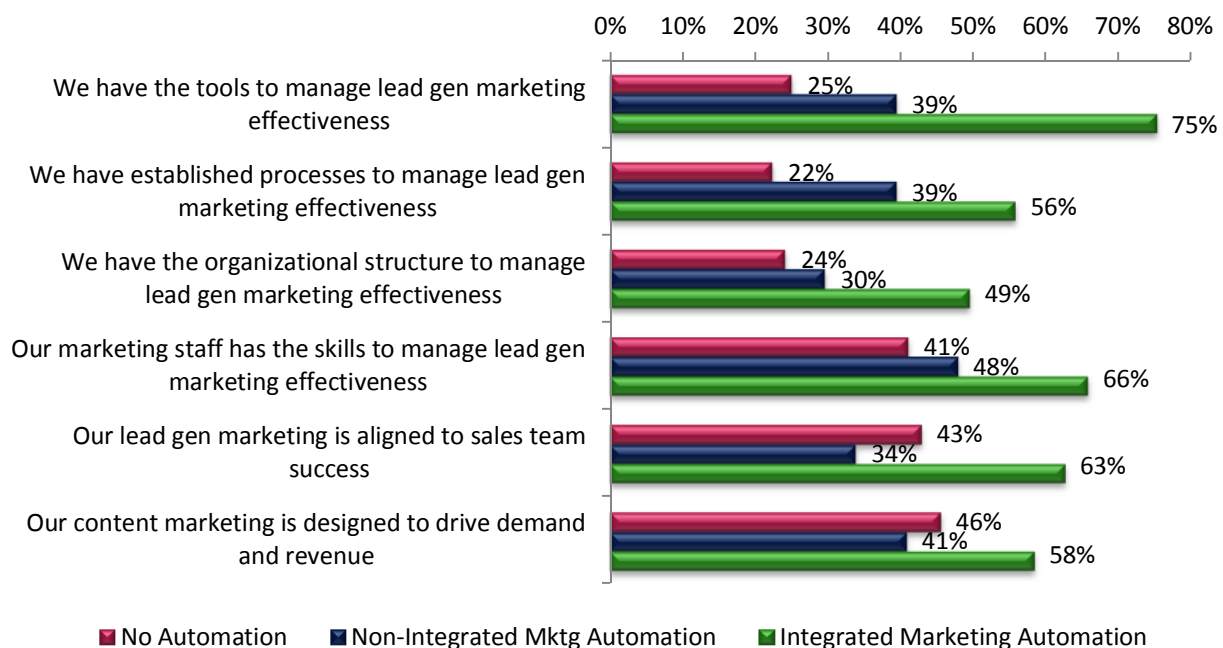*(n = 112, 71, 190)*

**Marketers need more than just automation to realize advantages in operational practices.**

Another key to gaining efficiencies is making sure the necessary practices are in place to support the organization. As Figure 6 illustrates, integrated marketing automation users have distinct advantages over their counterparts in terms of their operations. These practices help strengthen the overall operations of the marketing organization and allow for efficiencies to be realized.

- Non-integrated marketing automation users tend to be more closely aligned in their operational strengths to marketers with no automation, which is similar to their use of metrics. These users fall between non automation users and the integrated automation users in with the exception of two operational practices – sales team alignment and content marketing.
- As expected, integrated automation users reporting a strength in having tools to manage effectiveness was quite high at 75%. It is interesting that the rating of strength drops significantly for non-integrated marketing automation users (just 39%) even though they have automation. The lack of integration with sales automation is enough to get many to believe they their tools are not enough to have a strength in their ability to manage effectiveness.
- The only practice not to exceed half of any group reporting a strength is having the organizational structure to manage effectiveness. It seems that automation implementation may come before establishing an organization structure since fewer non-automation users (24%) and non-integrated marketing automation users (30%) report a strength. Even the integrated users (49%) are behind on this, highlighting organizational structure as a challenging area needing attention.
- Interestingly, non-integrated marketing automation users are less likely to report a strength in both their alignment with the sales team success (34%) and content (41%) than those not using automation at all (43% and 46% respectively). It's possible that marketing automation running independent of a sales system further highlights the disconnect between the two organizations.

**Figure 6: Strength Ratings on Key Competencies**

*Using a 5-point scale, how much do you agree or disagree with the following statements? Please rate each using 1 for strongly disagree to 5 for strongly agree. [percent rating 4 or 5 shown] (n = 112, 71, 190)*



■ No Automation    ■ Non-Integrated Mktg Automation    ■ Integrated Marketing Automation

# About the Author

Lenskold Group delivers deeper insights that lead to smarter marketing and more profitable performance. We offer one of the most comprehensive and innovative approaches to applying marketing ROI techniques and tools to plan, measure and optimize marketing strategies toward maximum profitability. Since 1997 the firm has delivered high-quality consulting and marketing services to generate profitable growth for a broad range of Fortune 500 and emerging mid-market client companies such as AT&T EMC, Seagate, Siemens, John Deere, MasterCard, Kodak, and Qualcomm.

We take great pride in our lead generation measurements and ROI solutions, which address the complexities of lead tracking, sales alignment and long sales cycles. We support lead gen effectiveness throughout the marketing cycle of planning, managing, measuring and reporting (click for info).

With a world renowned reputation for championing best practices, each engagement results in immediate short-term benefits, a lasting impact on processes, and a path to additional sources of long-term success. Our team of senior consultants and partners has extensive backgrounds in performance optimization, advanced analytics and high-impact strategic marketing; providing 360-degree customized solutions for measuring and improving marketing ROI.

To discuss how Lenskold Group can help your organization adopt the best practices proven to drive highly effective and efficient marketing, contact us. We would be happy to discuss any of your questions on lead generation measurements and ROI.

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