



STATE OF MARKETING AUTOMATION 2014

Marketing Automation Survey Report March 2014



State of Marketing Automation 2014

Marketing Automation systems are sophisticated platforms that allow marketers to manage and nurture prospects across channels, using customer intelligence churned from these systems. However, not all marketers use Marketing Automation and some do not use it beyond some basic features such as Email Marketing.

Regalix conducted survey interviews with business leaders, senior marketing executives and practitioners from around the world to analyze the state of Marketing Automation as it stands today and provide actionable tips and recommendations essential to marketing product or solutions in today's environment.

This report is designed to help marketers understand how to unleash the true potential of Marketing Automation. It explores the manner in which Marketing Automation platforms are used by marketers today, including the challenges faced and the benefits reaped post-implementation. Most importantly, it equips marketers with all the information they'll need to implement or evaluate investing in an automation system. If you want to find out more about how to maximize your ROI from Marketing Automation, you have come to the right place.



| Key Takeaways

88%

marketers are either currently using or considering implementing Marketing Automation tools in the coming year.

 » tweet this «

69%

marketers who have not yet implemented Marketing Automation tools, plan to do so in the year 2014.

 » tweet this «

82%

marketers use an SaaS Marketing Automation platform.

 » tweet this «

86%

marketers consider 'ease of use' as the most important criterion when evaluating automation tools.

 » tweet this «

55%

marketers have already been using Marketing Automation for the past 3 years and do not plan to increase investment in Marketing Automation in 2014.

 » tweet this «

34%

marketers use efficiency metrics to measure Marketing Automation ROI as opposed to 87% who use response metrics for the same.

 » tweet this «

54%

marketers who have not yet implemented Marketing Automation cite lack of budgets as a major obstacle preventing implementation.

 » tweet this «

66%

marketers reported allocating less than 10% of their budget to Marketing Automation.

 » tweet this «

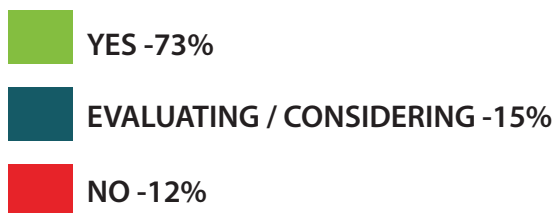
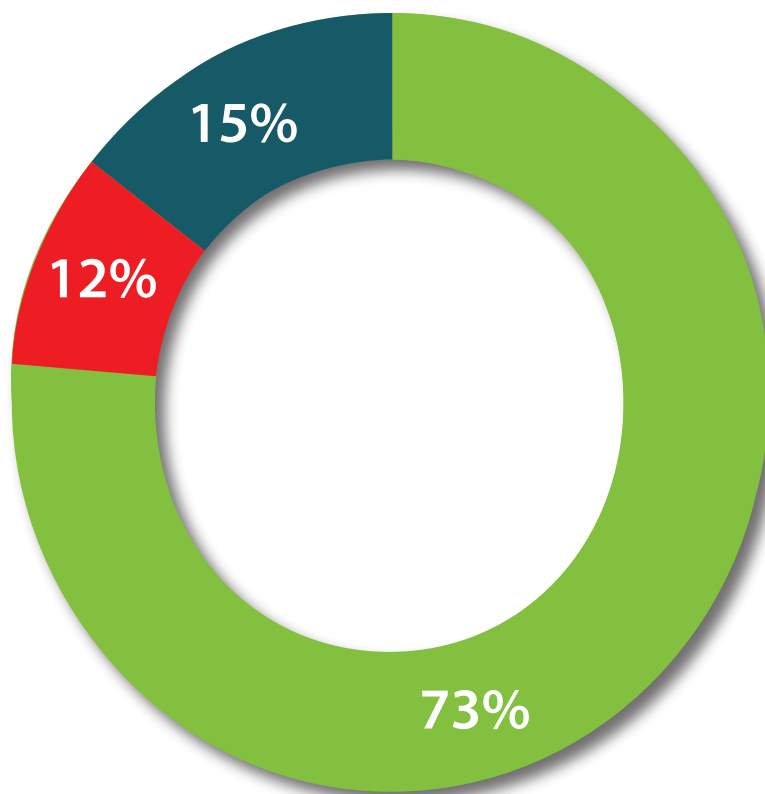


How Marketing Automation is Used by Businesses Today

Marketing Automation is said to have had the fastest growth of any CRM-related segment in the last 5 years¹. It comes as no surprise therefore that out of the marketers surveyed, 88% marketers are either currently using or are considering implementing Marketing Automation in their organization in 2014.

82% of those who have already implemented Marketing Automation are using an SaaS platform as opposed to 18% of marketers who prefer a hosted solution.

Usage of Marketing Automation Tools

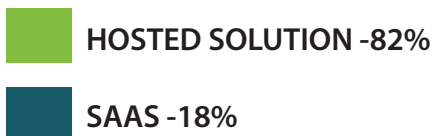
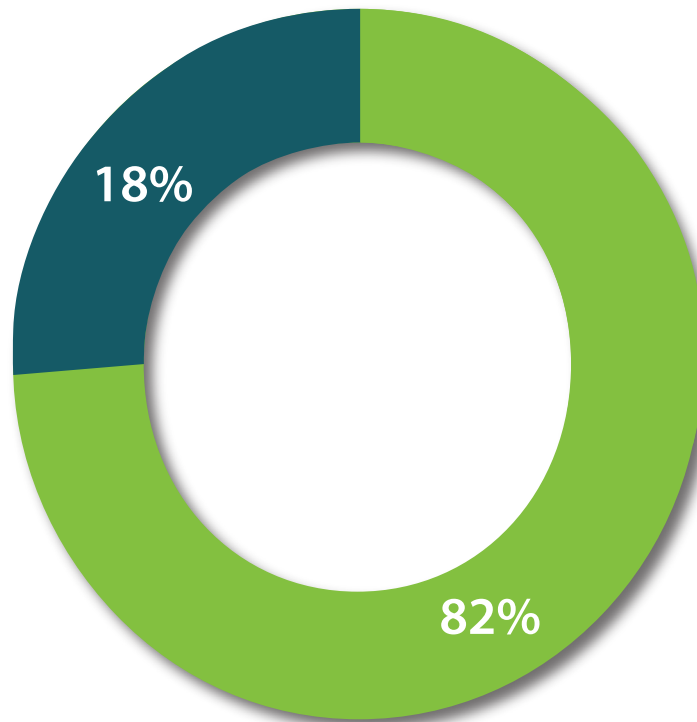


Source: Regalix Research, March 2014

¹Source: Focus Research



Type of Marketing Automation Platforms Being Used



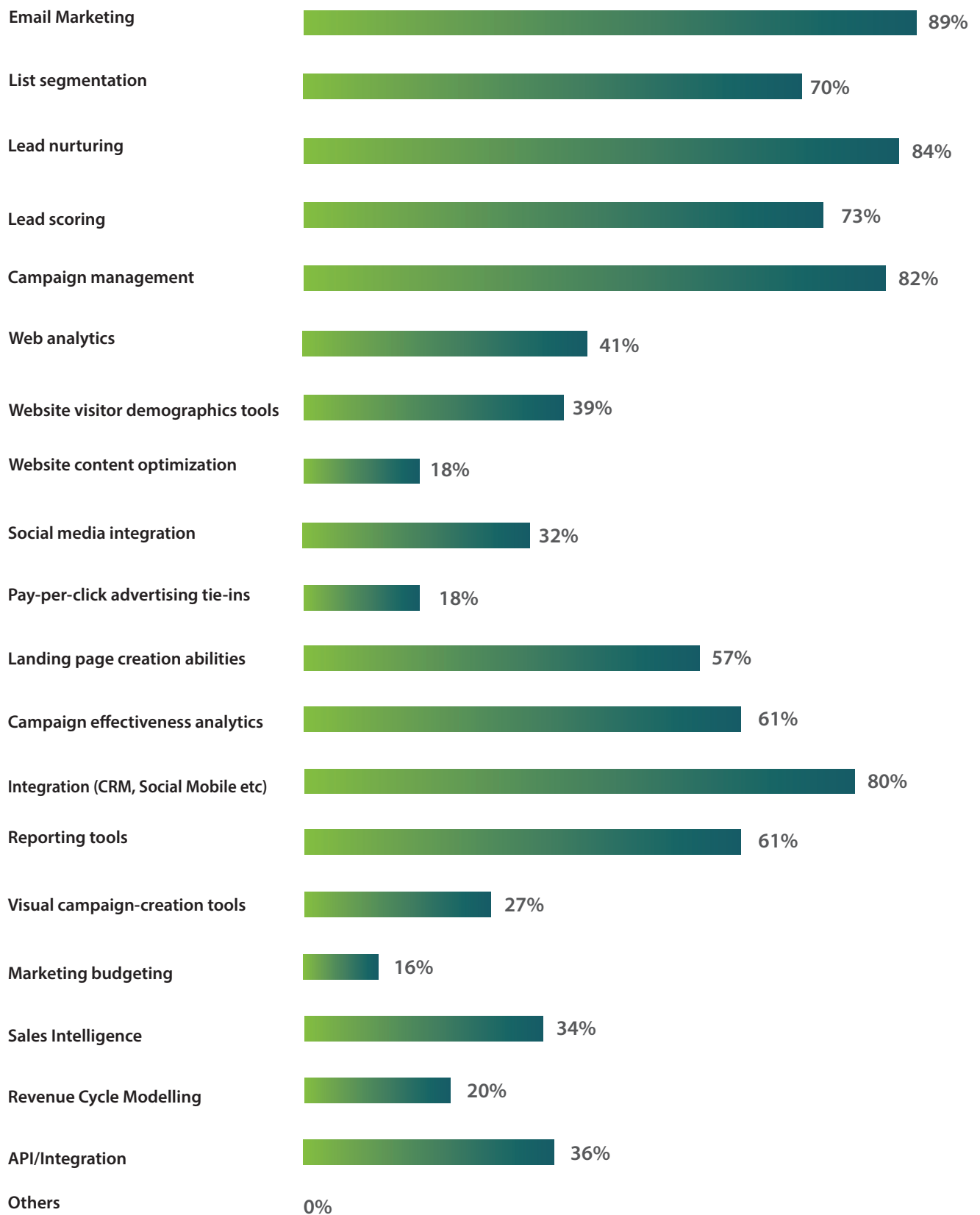
Source: Regalix Research, March 2014

High adoption rates are a sign that businesses have acknowledged and understood the necessity of using Marketing Automation technologies to derive customer and sales intelligence and drive sales. Marketing Automation features include capabilities such as email marketing, list segmentation, landing page and form creation, pay-per click advertising tie-ins, integration and more. These features allow marketers to gain, nurture leads based on their level of purchasing interest. The survey demonstrated that the top three features of a Marketing Automation apart from email marketing (89%) are lead nurturing (84%), integrations such as CRM, mobile, social etc (80%) for accumulating customer intelligence across channels, and cross-channel campaign management (82%).

An important insight from the survey data is that marketers are no longer viewing or treating Marketing Automation technologies as mere systems to automate and manage emails, **rather these sophisticated systems are being used to manage cross-channel campaigns and deliver personalized targeted experiences to customers.** 64% marketers indicated that Marketing Automation is an excellent tool for seamless campaign execution and tracking which is a prerequisite for a superior cross-channel experience.



Marketing Automation Features Considered Most Important



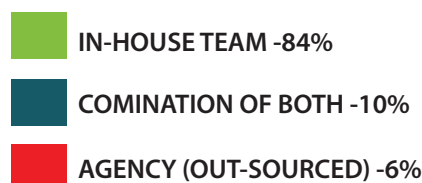
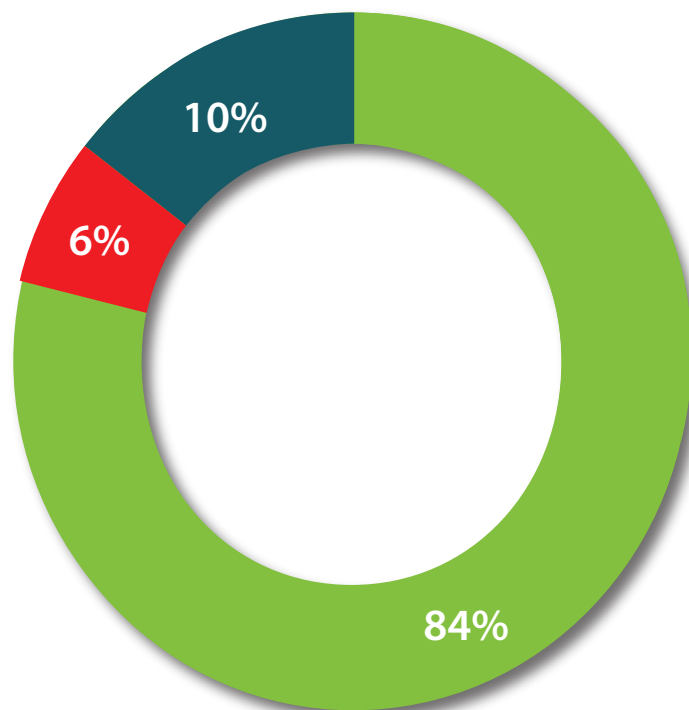
Source: Regalix Research, March 2014

Who Owns Marketing Automation in an Organization?

84 percent marketers report that Marketing Automation tasks and operations are managed in-house with only 5% out-sourcing it to agencies. 10 percent marketers use a combination of both out-sourced and in-house support. Out of the components which are out-sourced, technical implementation tops the list which is always carried out by an agency. Other operations like creative (email HTML & design) and content creation are outsourced 50% of the times as well.

The resources invested in implementing a Marketing Automation system are significantly high which is why key stakeholders who have a say in the degree and level of automation required (or not required) are usually top management. However, only a small minority claims that CMO's are the primary decision-makers; 37% of marketers in fact say that the **VP Marketing is the primary decision maker** for implementing and managing Marketing Automation. So, next time you want to make the business case for automation, you know whom to target.

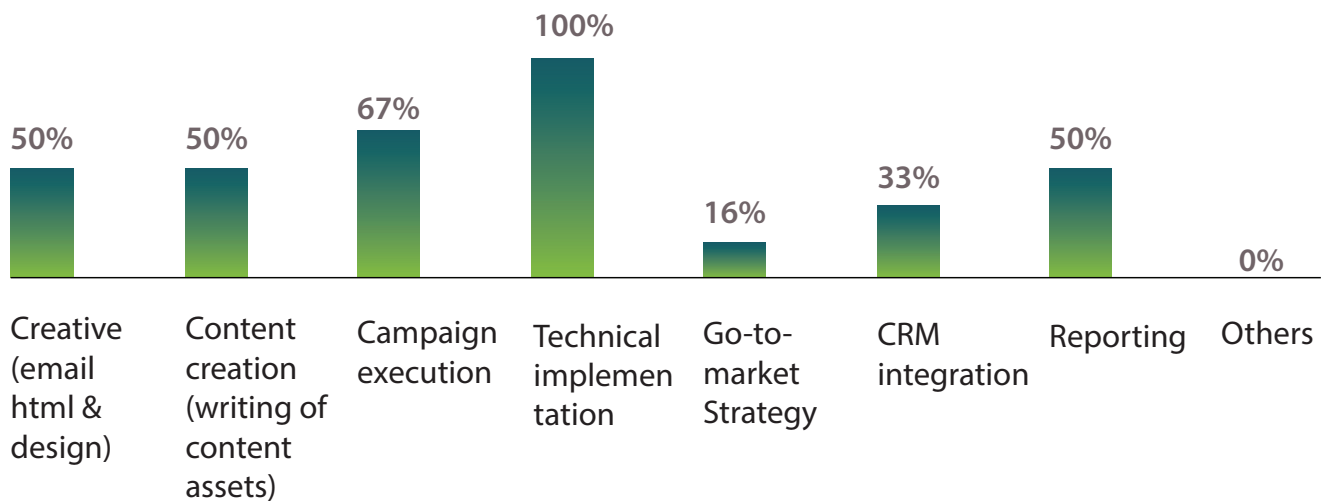
Managing Marketing Automation Operation/Tasks?



Source: Regalix Research, March 2014

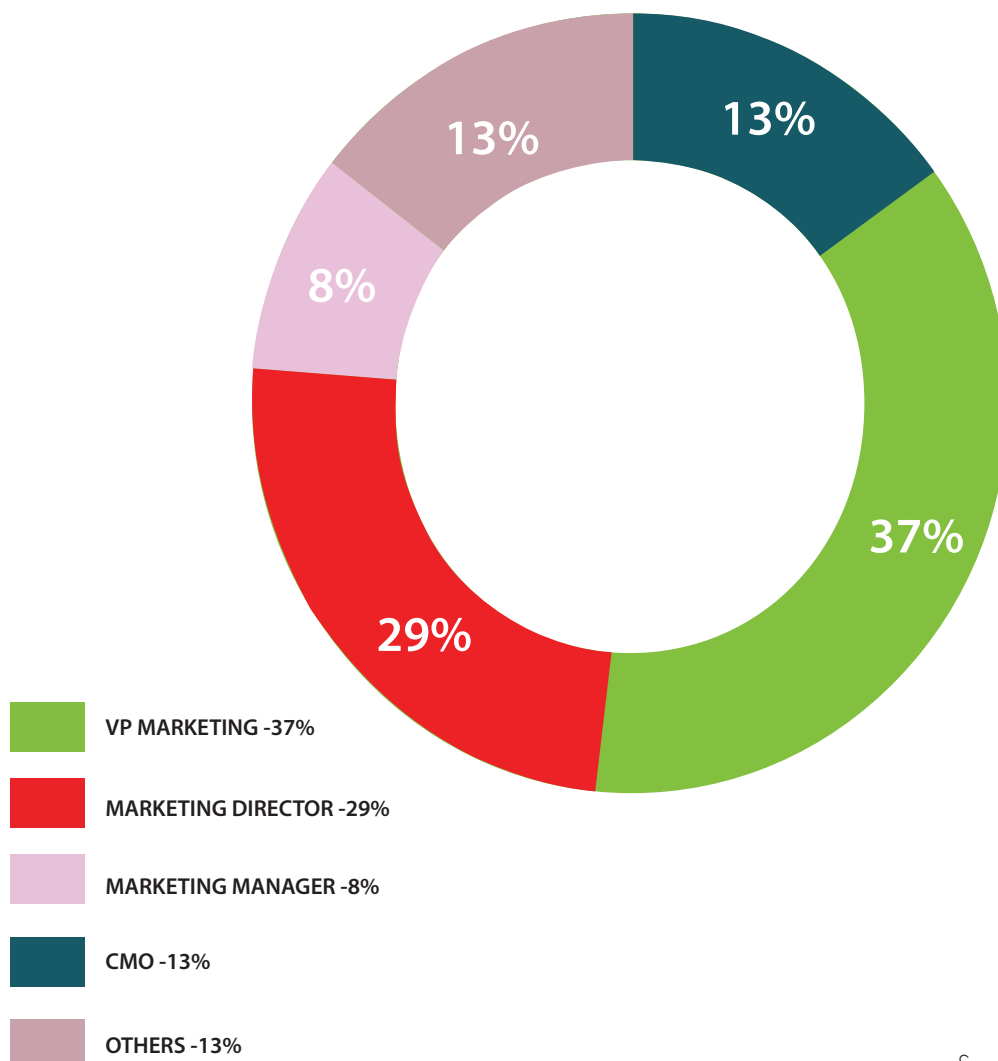


Marketing Automation Areas Currently Out-sourced



Source: Regalix Research, March 2014

Decision Markers Involved in Implementing and Managing Marketing Automation



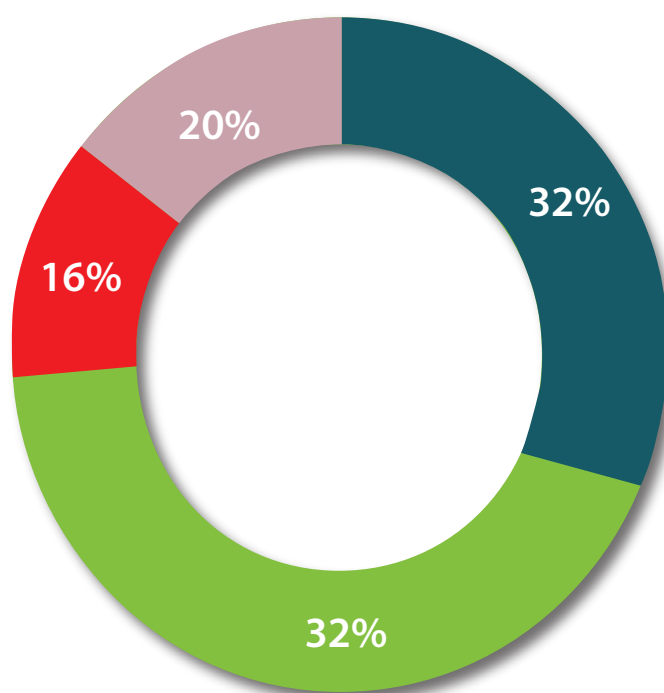
Source: Regalix Research, March 2014

Where is the ROI?

It was found that companies that excel at lead nurturing generate 50% more sales ready leads at 33% lower cost². That is strong case for ROI right there. However, how can companies measure if they are indeed excelling at lead nurturing in the first place?

There are various elements needed to understand the return from the investment. From time taken, to different metrics employed to understand the returns vis-à-vis the cost incurred. 55 percent marketers surveyed reported using Marketing Automation for the past 3 years and also cited that it took minimum one year to realize the full value of using their automation solution. There is a steep learning curve associated with using automation systems which is considered daunting by marketers and takes a while for them to overcome. When it comes to metrics for measurement of ROI, marketers need to look at the value generated in terms of the cost incurred. The value generated should be analyzed looking at metrics discussed in the next section.

Time Taken to Realize the Benefits of Using Marketing Automation from the Time of Implementation



Source: Regalix Research, March 2014

²Source: Forrester Research



Measurement and Metrics

Marketing Automation systems provide advanced reporting features which give detailed reports about website activity, email campaign performance, social media activity and more. There are different metrics to determine the performance of your Marketing Automation systems:

1. Response Metrics

Response metrics include factors such as open rate, click through rate, subscribe and unsubscribe rate which give an idea about the performance of campaigns. Response metrics need to be analyzed in conjunction with other metrics such as pipeline generated, number of sales ready leads etc. to fully understand the impact of these campaigns on business objectives. 87 percent marketers cite that response metrics such as open rate, click through rate, unsubscribe rates are used to measure Marketing Automation ROI.

2. Efficiency Metrics

These metrics measure the efficiency of utilizing the automation system. Metrics such as cost per lead, close rate, conversion rate, number of sales accepted leads etc are used to determine value of the system. 58 percent marketers measure efficiency metrics to determine the efficiency and value of their automation systems.

3. Value Metrics

Value metrics are a measure of tangible returns from implementing Marketing Automation. Metrics such as revenue generated, pipeline value etc. are included in this. 61 percent marketers measure value metrics to determine the true value of their Marketing Automation systems.

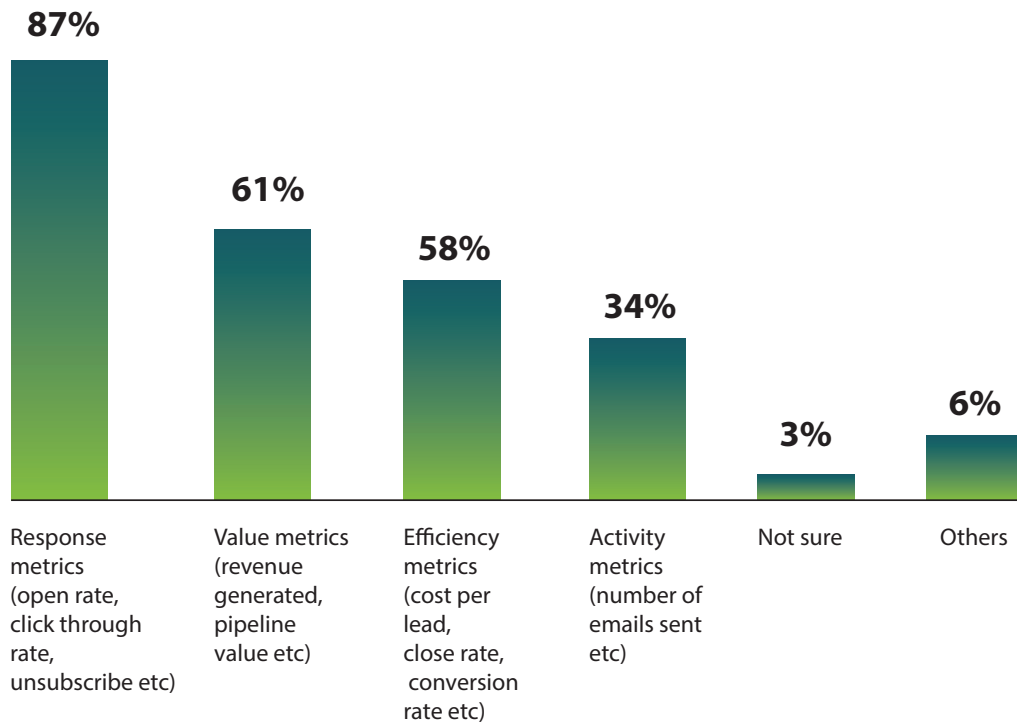
4. Activity Metrics

Activity metrics measure the frequency of usage of an automation system. Metrics such as number of emails sent measure how much of the system is utilized to reach out to current and potential customers. 34 percent marketers use activity metrics to determine the utilization of their automation systems.

Increase in direct revenue is a leading goal of marketers this year as observed in the **2014 B2B Marketing Trends, Predictions and Forecasts** report. However the survey demonstrated that marketers are still not measuring the right metrics to determine the change in revenue. **Marketing Automation users still mostly rely on response metrics to determine value of the system, as opposed to value metrics which measure the increase in revenue, pipeline generated etc.**



Metrics Used to Measure Marketing Automation ROI



Source: Regalix Research, March 2014



Leading Marketing Automation Tools and Features

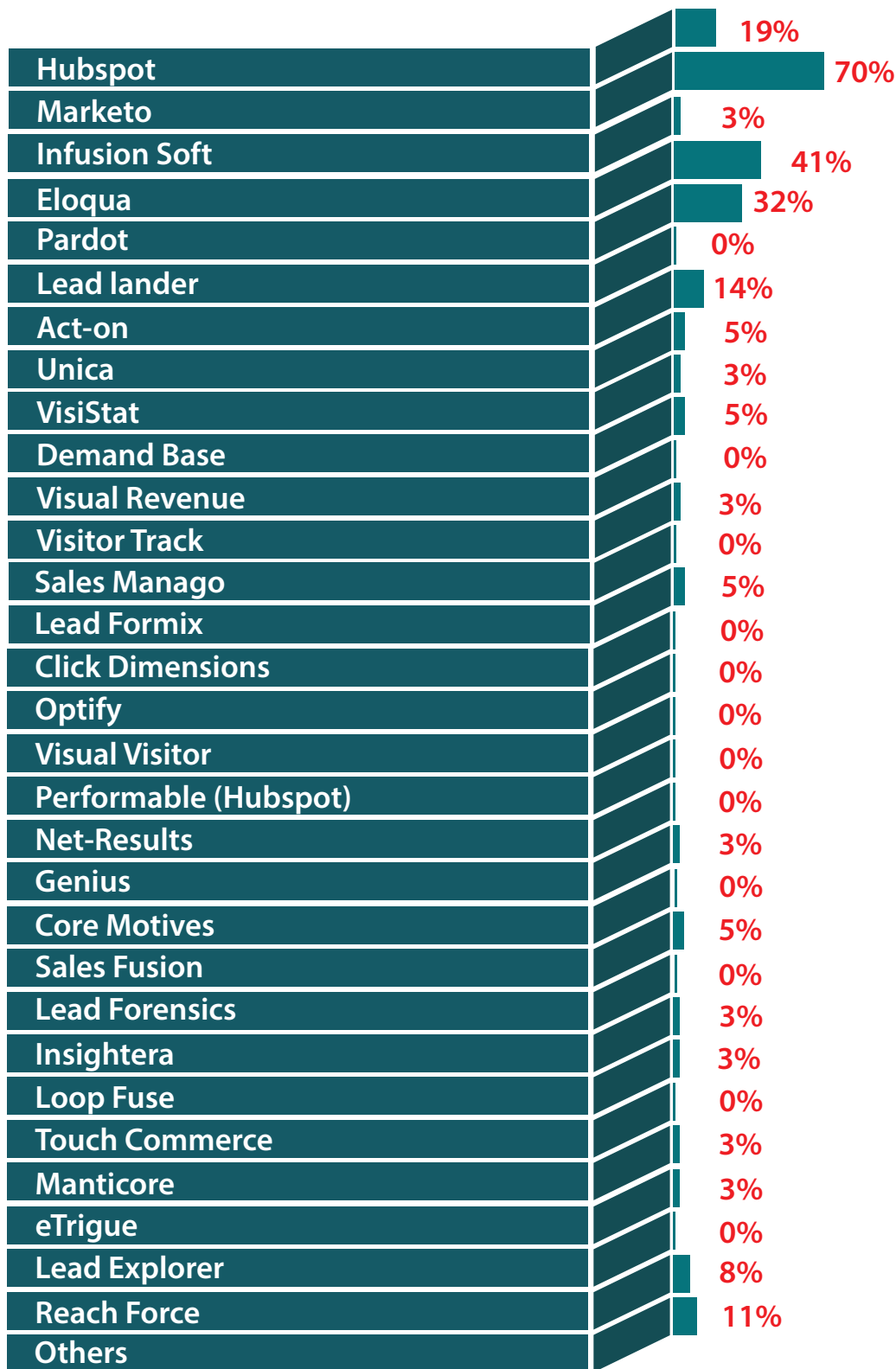
More than 110 vendor choices are available for Marketing Automation systems. However, there is clear market domination in terms of usage and preference for some vendors over others. **The top three vendors that dominate market share for automation systems are Marketo, Eloqua and Pardot.**

70 percent marketers use Marketo's automation tool or have considered using them in the past twelve months. 41 percent have used or considered using Eloqua and 32% have used Pardot in the last twelve months.

Some features are given more weightage than others while evaluating vendors and solutions. Surprisingly, since budget constraints were cited earlier as a major obstacle, price would be expected to be the most important consideration but it's not. In fact **86% marketers cite that ease of use is the most important criteria for selection of an Automation solution.** Price as expected is not far behind with 81% of marketers citing it as an important factor in their decision-making process. 77 percent marketers also cited product integration capabilities with their CRM systems, mobile and social initiatives as an important criterion for selection. The rising importance of data and analytics is evident as 75% marketers also look for a tool which has analytics and reporting features.

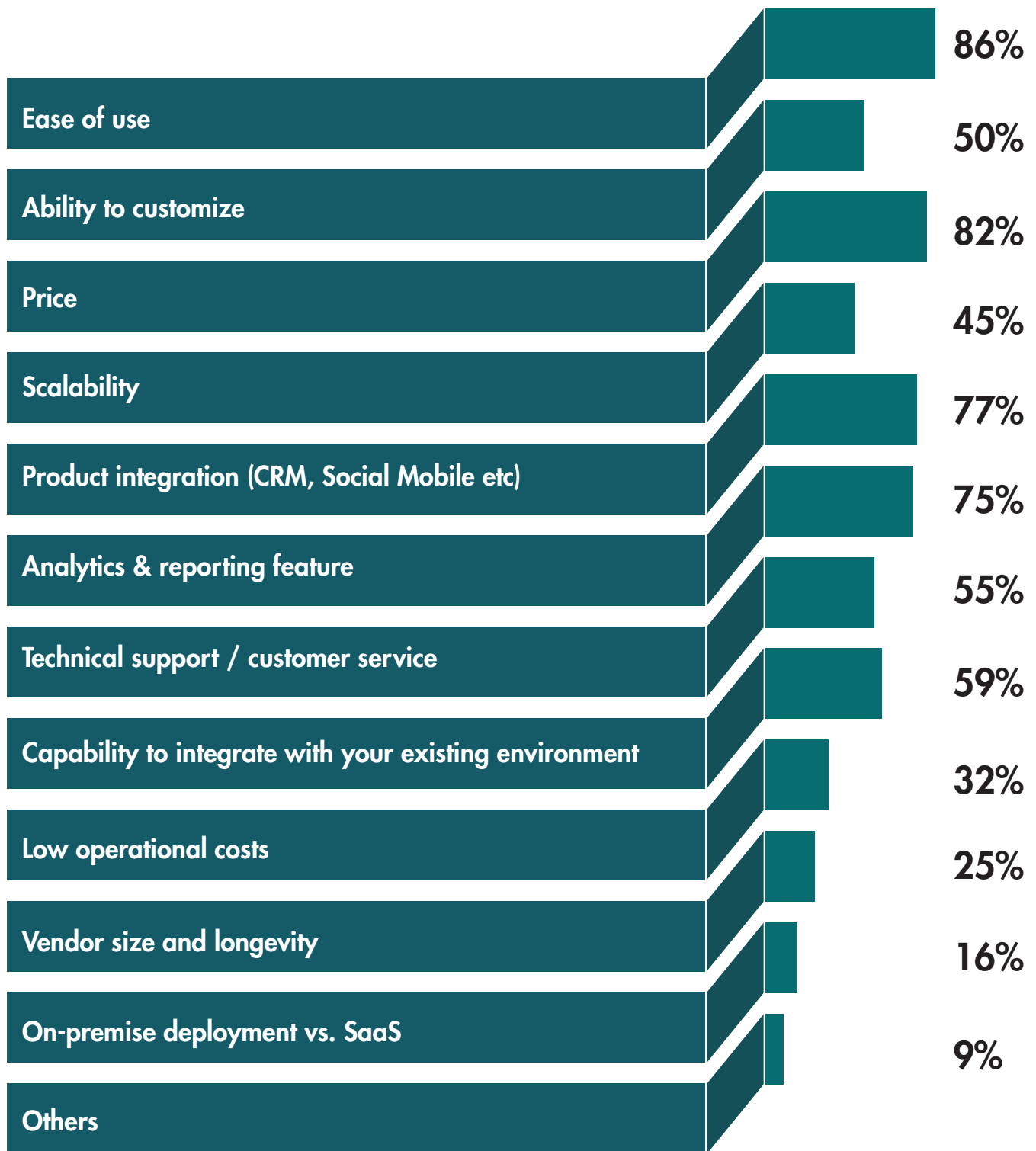


Marketing Automation Tools / Platforms Evaluated in the Last 12 Months



Source: Regalix Research, March 2014

Factors Considered While Evaluating Marketing Automation Platforms / Vendors



Source: Regalix Research, March 2014

Benefits Are Many

B2B buying is a complex process involving a number of decision-makers who now complete almost 60% of the buying process by themselves before even contacting the sales team. Marketing Automation helps marketers gauge the interest levels of potential buyers without having to do so manually and automates the lead management process. It provides marketers with umpteen number of benefits, mainly:



1. Improved Lead Management and Nurturing

89 percent of marketers cite that this is the most crucial benefit of automation systems which provides them with qualified leads and increases close rate of sales deals. It is found that businesses that use Marketing Automation to nurture prospects experience a 45% increase in qualified leads with Nurtured leads making 47% larger purchases than non-nurtured ones (Source: The Annuitas Group).

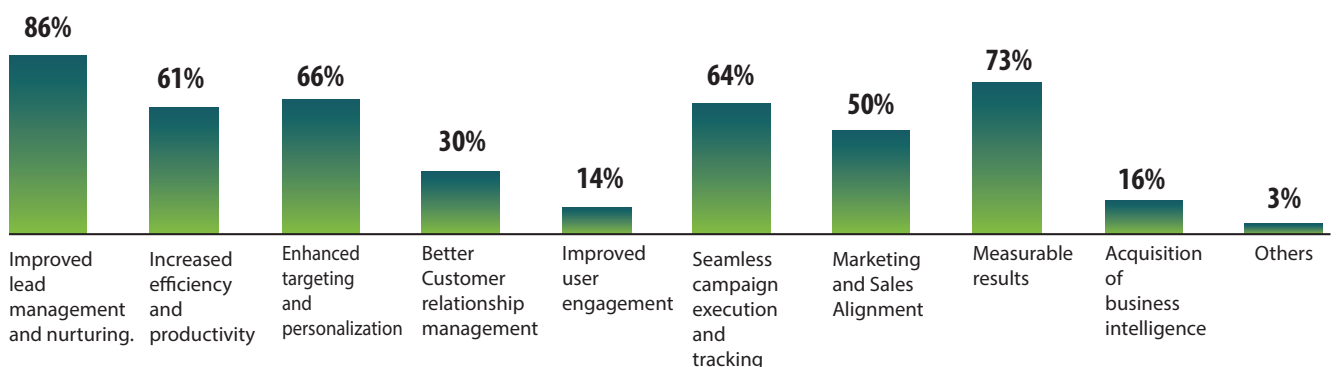
2. Measurable Results

In the report 2014 B2B Marketing Trends, Predictions and Forecasts, we observed that 72% marketers had cited email as the most effective tactic in their marketing mix, with measurement of ROI being one of the biggest challenges plaguing them this year. Marketing Automation systems allow marketers to gain measurable results which facilitates in measurement of true ROI eliminating one of the major pain-point for most marketers today.

3. Enhanced Targeting and Personalization

66 percent marketers report the ability for enhanced targeting and personalization as a top benefit of Marketing Automation systems. Personalized emails in turn have been found to improve click-through rates by 14%, and conversion rates by 10%. (Source: Aberdeen Group) With marketers trying all tricks in the book to get prospects to convert such numbers is a real boon to them.

The Key Benefits of Using Marketing Automation Tools



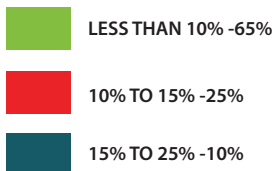
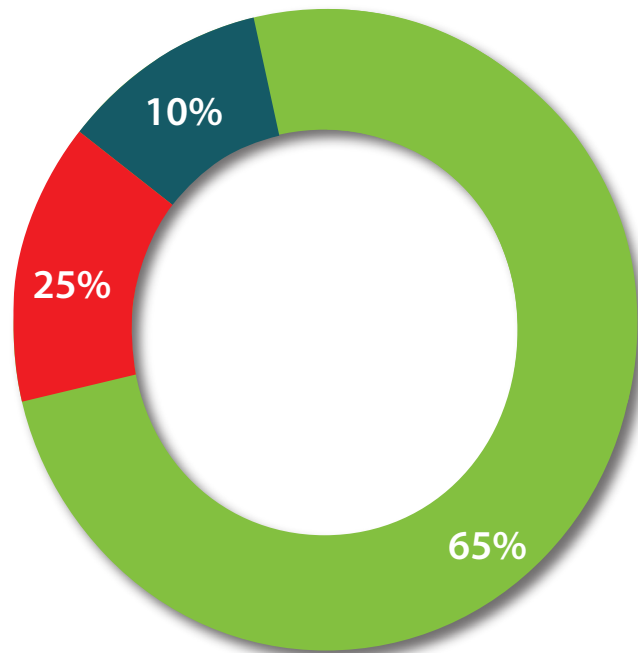
Source: Regalix Research, March 2014

However There Are Roadblocks Too.

Marketers report a number of roadblocks that prevent them from either implementing or realizing the full potential of their automation systems. Budgets are getting tighter with marketers having to justify investments with tangible returns. 66 percent marketers reported allocating less than 10% of their budget to Marketing Automation. 55 percent marketers cite lack of resources as the primary reason for their inability to fully utilize the system. 48 percent marketers list lacking expertise to use the data and intelligence offered by the system as a major roadblock in Marketing Automation success. The amount of customer intelligence churned from systems is immense with most of it not being used to contribute to an elevated customer experience. Possessing data mining and data analytics skills is fast becoming a necessity for marketers as the behavioral, demographic and other such data is being analyzed and used to attract and retain customers.

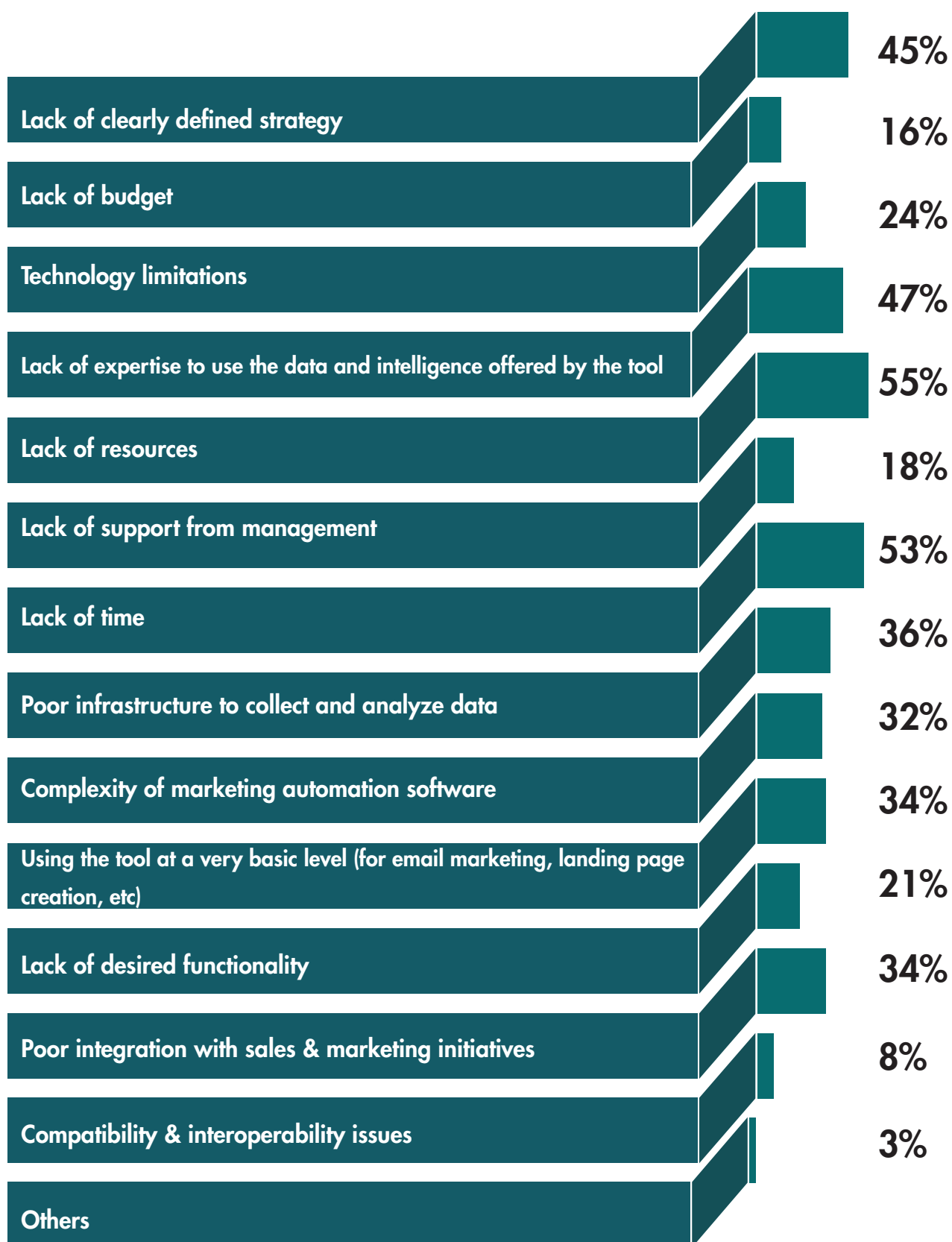


Percentage of Marketing Budget Currently Allocated to Marketing Automation



Source: Regalix Research, March 2014

Biggest Obstacles to Effective use of Marketing Automation



Source: Regalix Research, March 2014

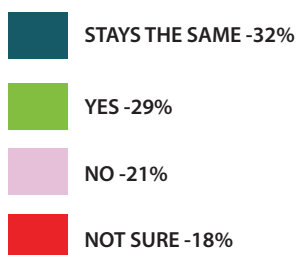
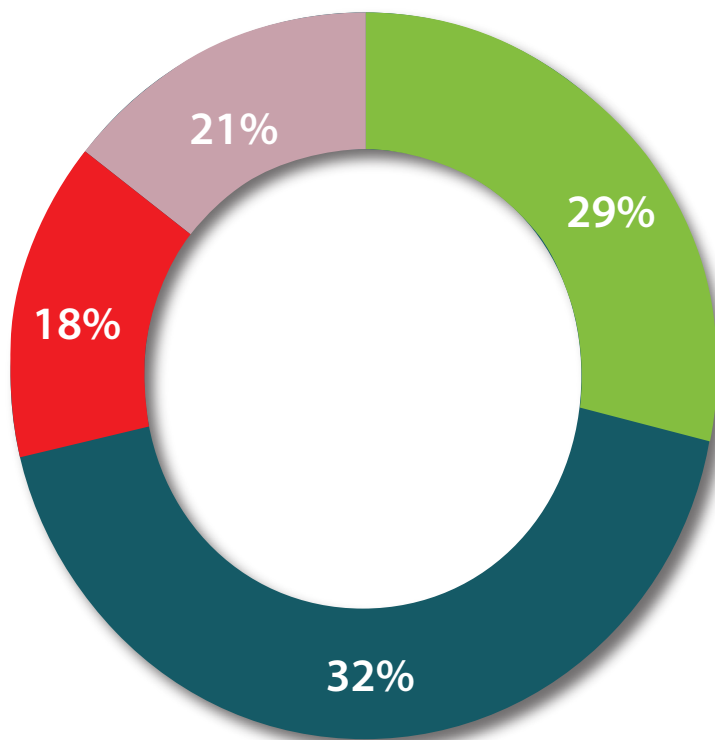


| The Future

67 percent of marketers who have not invested in Marketing Automation report that they will invest in a Marketing Automation solution this year. Out of the ones who already have an automation solution, 29% plan to increase their investment this year.

To build and maintain a competitive advantage, it is imperative for marketing and sales organizations across all industry sectors to look at these sophisticated platforms seriously. Marketing Automation platforms have proven use cases and their benefits are tangible – from higher close rates to driving revenues. Data-driven decision-making and revenue management are the top trends compelling marketers to accelerate their digital marketing effectiveness, and Marketing Automation is a likely solution.

Marketers Who Will Increase Their Investment in Marketing Automation Tools in 2014



Source: Regalix Research, March 2014



| Recommendations

Give it time: Rome wasn't built in a day and neither can marketer's master Marketing Automation in a short time. One must have patience and endure the vast amount of learning that might be required during the initial stages. It will take atleast 6 months to one year before it starts showing any revolutionary results.

Don't be a jack of all trades: Marketers are good at juggling different things but sometimes it does more harm than good. Marketers shouldn't hesitate to outsource some parts such as implementation, creative or even content creation and retain reporting and campaign execution in-house.

Don't look at price alone: Majority of marketers surveyed reported ease of use as the most critical consideration while choosing a vendor/solution, while price came only second. Despite having budget restraints, go for a solution which you're comfortable with and is easy to handle.

Cross-campaign execution a must: As more marketers are realizing the importance of providing a unified experience across channels, it is a must for your automation system to be able to orchestrate campaigns across multiple channels.

Use value metrics to determine performance: Use value metrics such as revenue generated, in conjunction with other response and activity metrics to analyze the performance of your automation system.





About the Analysts

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An entrepreneur by nature, Andrew Steele brings over two decades of experience to Regalix. In his role as Senior Vice President, Andrew leads the efforts to expand the company's partnerships with leading technology companies.

Suresh Kumar
Sr. Business Manager

Suresh is a marketer with hands-on experience managing traditional, online and mobile programs. He possesses deep understanding of Marketing Automation tools and techniques. He helps companies engage with their customers through different stages of the buying cycle by using the best modern marketing techniques and technology.

About Regalix

Headquartered in Silicon Valley, we help the CMO organization leverage emerging digital practices for creating marketing leverage as they bring new products and innovation to market. Regalix Research helps marketers through research-based insights, consulting and peer-to-peer programs that guide marketing strategy development and execution. Our focus is helping Technology companies leverage innovation and best practices to create real differentiation. Our analysts are practitioners with a successful track record of delivering real marketing results for both leading Fortune 500 companies as well as venture backed firms.

Regalix is an award-winning Global Innovation company that leverages technology and marketing to help companies grow. We create successful ventures with our clients through co-innovation and idea-driven frameworks that inspire companies to think different. We bring ideas to life by envisioning new companies, developing brands, engineering products, and designing technology platforms. Founded in 1998, Regalix is based in Palo Alto. Our Silicon Valley setting has enabled us to stay ahead of emerging trends in digital technology and marketing.

For over a decade, we have provided complete marketing services – Social, Mobile, Content, Multi-channel Campaigns, Technology Development, and Analytics – to companies such as CA Technologies, Citi, Apple, eBay, Cisco, VMWare, NetApp, Cypress, LSI, Keynote, and MetricStream.

For more information

To find out how Regalix Research can help you, please contact our office, or visit us at <http://www.regalix.com/>

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