WHITE PAPER

"Real-World" Marketing: Enabling Marketing Throughout the Organization

Sponsored by: Microsoft

Mary Wardley
November 2008

IDC OPINION

Organizations have a wide range of business requirements. The corporate goals of an organization set the broadest outline of the organizational strategy, but their execution becomes the purview of a myriad of localized initiatives. Customer relationship management (CRM), and specifically marketing automation solutions, enables a broader set of employees to optimize marketing efforts to achieve corporate goals. The time-to-market requirements of today's business environment dictate that a broader range of employees have access to functionality that allows them to perform marketing activities and programs. Marketing is not just a marketer's job, and every interaction can become a marketing opportunity. Unfortunately, many organizations don't have the proper tools to capitalize on those "marketing moments" across other departments such as sales, service, and account management.

Organizations will be well served by deploying marketing automation applications:

☑ Across marketing organizations that have a strong focus on campaign management and a requirement for achieving a "closed loop marketing process."

☑ To line-of-business personnel and individuals who have a requirement for direct relationship marketing. In this way, those who are closest to the customer are enabled to perform appropriate marketing initiatives for the product, group, or division.

☑ That provide critical path marketing capabilities such as prospect/customer data management, segmentation, email distribution, content, and communications tracking.

☑ That interoperate with and adhere to business productivity conventions for easy adoption, ease of use, and seamless integration with existing desktop applications.

IN THIS WHITE PAPER

This white paper discusses the benefits to organizations and individuals of having access to "real-world" marketing automation capabilities. There is a need within lines of business for access to fundamental marketing capabilities, both within the official marketing department and among the broader employee base. Readers of this white paper will learn how easy-to-use applications coupled with best practices allow companies to execute impactful marketing programs and activities that have direct impact on customer acquisition and retention with the ultimate goal of increased sales.

SITUATION OVERVIEW

No one will argue the exponential increase in the speed of communications that has occurred over the past decade, which is directly attributable to the Internet. It is far more uncommon to be disconnected than connected, both professionally and personally, significantly changing the face of marketing.

Marketing has turned from a purely outbound process to an *in*-and-out process. Marketing messages were previously generated from corporate marketing to customers through radio, print, television, direct mail, and in-store promotion. The crafting of the corporate message and its careful execution were controlled by the marketing department. But the Internet has turned that paradigm inside out. Customers now reach *into* the organization and have direct access to internal employees. Every customer interaction has the potential to become a marketing engagement. This in turn provides a wider range of employees with a better understanding of customers' needs. The customer experience occurs over a wide variety of touch points in the organization. Each interaction provides an opportunity to help customers, service them, sell to them, and shape their perceptions and perspectives on the brand.

With the right technology in place, organizations can capture and leverage customer data at each interaction and create an army of marketers and spokespeople. Key to creating successful marketing initiatives within such a fragmented environment is enabling individuals and groups to carry out marketing that not only is appropriate to the product but also supports corporate initiatives.

Happily, today's "enterprise"-class applications have come a long way. Marketing automation functionality — such as data and list management, customer segmentation, campaign management, response management, and marketing analytics — that was once executed by business analysts and IT departments is available in prepackaged applications that are usable by line-of-business employees. However, critical to the successful use of these applications is that they integrate and interoperate with the familiar desktop environment of the user. And it is equally important that marketing capabilities are an extension of a unified CRM system as opposed to individual point solutions that are used in multiple departments that ultimately don't provide "one version of the truth." From a business process perspective this ensures that the corporate goals that are key to a marketing initiative can filter down to the business units in a consistent fashion and are kept up to date as the corporate directive shifts. This results in a real-world marketing approach.

Workflow: The Glue for Real-World Marketing

Business process improvement is not found in a single functional element; rather, it requires workflow capabilities that can tie together individual steps to a business process. Workflow is the one technology that allows organizations to take a structured and consistent approach to marketing initiatives, whether across different departments such as sales, marketing, or customer service or across disparate marketing organizations with global offices. A consistent approach to marketing leads to a consistent message and brand. Workflow is the tool that can enforce and systemize those processes. In essence, it is the "glue" for real-world marketing.

In IDC's quarterly *AppStats Survey,* end-user organizations were questioned regarding the factors fueling their enterprise application purchases over the next 12 months (see Table 1). "Business process improvements" was ranked number 1 and number 2.

TABLE 1

Factors Driving Application Investment in the Next 12 Months
(% of Line-of-Business Respondents)

	Rank		
Factor	1	2	3
Competitive pressures	18	5	15
Business process improvements	23	30	20
Compliance/corporate governance	15	5	5
Cost reductions	8	25	10
Customer demands/needs	13	5	23
Better information for decision makers	10	10	15
Worker productivity	3	13	10
Drive revenue	13	8	3
n =	40	40	40

Note: Multiple responses were allowed. Totals may exceed 100%.

Source: IDC, 2008

While the line-of-business respondents in Table 1 have identified a linkage between applications and business process improvement, many need help in making this connection a reality. However, for efficient line-of-business execution, it is key that the workflow capabilities be embedded within the marketing automation solution and that these capabilities be geared for the marketing/ business user. It should be a graphically driven tool that allows organizations to easily create, track, and reuse workflows and rules and enforce best practices.

Managers at South African Tourism plan to organize standard procedures for marketing and communications campaigns and use the Microsoft Dynamics CRM workflows feature to put controls in place that ensure consistency across deliverables. They are also making sure that the customer-facing communications are reviewed to meet corporate standards.

Driving Sales Productivity

In most organizations, sales productivity starts in the marketing department. Sales' ability to efficiently and effectively pursue leads has its roots in the quality and types of marketing initiatives. Marketing's strength is in the coupling with the sales process. Lead management is the process that links marketing and sales. For many companies, lead management is often fumbled because marketing has one set of data and sales has another. Ideally, in real-world marketing, there should be a seamless and unified process around lead management that is based on one system and where sales and marketing can

easily hand off/share leads at the right stage and have access to the full history of the lead. This translates into a streamlined process that sets the stage for increased sales productivity.

For Televerde, a business-to-business marketing solutions provider, the process from marketing to sales is not a one-direction relationship. Each department sees the value of the other in bringing the ultimate solution to the customer, says Michelle Cirocco, Director of Sales Operations. According to Cirocco, "Sales needs marketing in order to be successful, and marketing can't create in a vacuum because they have to be creating what's going to be useful to the salespeople and the client. There's a constant point of collaboration between the departments. You can't create products that people aren't going to buy, and the only way you're going to find out who's going to buy it is from the salespeople."

"It's about effective target marketing, proper list segmentation, and accurate data. If you're not using accurate data to run your marketing programs, then you're wasting a lot of money, time, effort, and precious resources," says Larry Fleischman, Marketing Director. "This is one pillar of our thinking; that is, garbage in, garbage out. You're trying to avoid that. We want CRM to be a tool for strict management of truly qualified leads versus just any contact."

Corporate Versus Line-of-Business Requirements: Real-World Marketing

In marketing as in sales, there is a difference in process when speaking at the level of the individual. In the sales context, the behavior and the requirements of the salesperson are "feet on the street" versus those of sales management who require a broader view of the overall pipeline and sales forecasts.
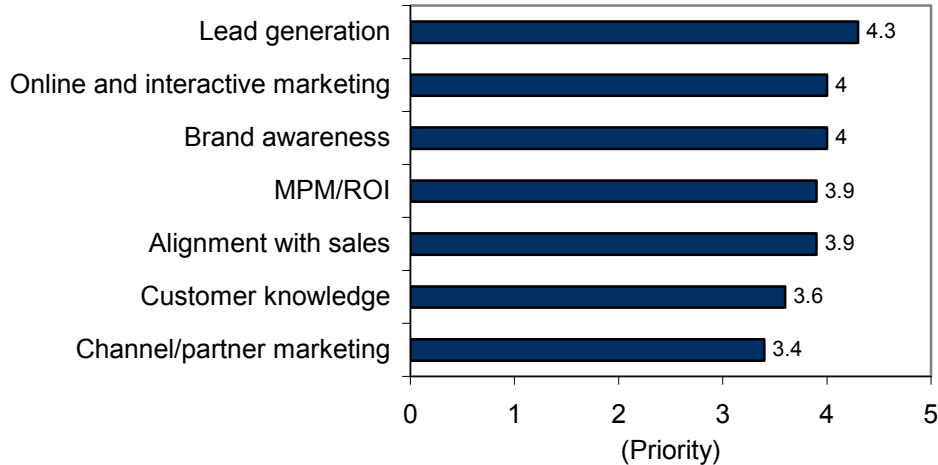
The marketing equivalent is corporate brand marketing versus lead generation. When we think of marketing initiatives, they are almost always associated with marketing at a corporate level, where the activities are primarily focused on building the brand. There is often a disconnect between corporate marketing and the needs of the lines of business. It is not uncommon to hear employees remark that their company "has no real marketing" because the corporate marketing agenda is not focused on driving leads/awareness for their particular unit or product. However, when 41 chief marketing officers (CMOs) within the high-tech industry were asked to identify their top initiatives for 2008, lead generation topped the list (see Figure 1).

While "brand awareness" was the second highest priority noted by these CMOs, other priorities reveal the broader perspective of marketing requirements. And it should come as no surprise that marketing automation has a role to play in all of the priorities listed by these CMOs.

2008 Top Priorities: A Return to a Focus on Leads

Q. Please rate how important each of the following is to your companywide marketing activities during the 2008 calendar year (using a scale of 1–5, with 1 = not important and 5 = very important).

Priority	Value
Lead generation	4.3
Online and interactive marketing	4
Brand awareness	4
MPM/ROI	3.9
Alignment with sales	3.9
Customer knowledge	3.6
Channel/partner marketing	3.4

(Priority)

n = 41

Source: IDC's CMO Tech Marketing Barometer, 2008

The disconnect lies in the lines of business not having the tools with which to act. In nearly every organization, multiple lines of business or individuals need to engage in marketing at the "local" level. This is not only from a geographic perspective but also from an intimacy perspective. The closer the touch between the organization and the customer, the greater the understanding of what the customer base requires. These groups have the requirement to engage in marketing initiatives that are typically relationship-building in nature that result in lead generation and awareness. Therein lies the fundamental disconnect between the corporate and local levels.

A good example of the need to align corporate marketing and local marketing efforts is South African Tourism. Seventy of the agency's 150 employees work in other countries. In the past, this made it difficult to track promotional activities and measure which programs were effective. South African Tourism turned to Microsoft Dynamics CRM to attain a holistic understanding of its marketing efforts. Microsoft Dynamics CRM enabled the agency to make proactive decisions by providing it with a true 360-degree view into all employee activity and programs. At the same time, local agents could pull marketing lists for their specific region and execute marketing programs tailored to their audience. South African Tourism now not only has organizationwide visibility into and consistency in its marketing efforts but also can provide its local marketing staff with the tools and flexibility to execute relevant marketing programs.

Within the marketing automation market, one could argue that there are two main camps: operations and relationship marketing. The operational side mainly comprises marketing resource management (MRM) applications that focus on helping organizations manage their marketing resources, budgets, and operations. Relationship marketing is focused on helping organizations effectively execute and measure campaigns and other marketing programs while also tracking all the associated interactions. Though MRM certainly has a place and function for large organizations that want to take a more operational approach to marketing, relationship marketing is an area that organizations of all sizes need in order to effectively generate awareness and leads.

The management of *relationships and interactions* is at the heart of most marketing activities. The ability to effectively identify, track, and measure those interactions is what real-world marketing is all about. Users need to be able to respond quickly to opportunities and changes in the market. If they acquire a set of hot leads that require immediate attention, such as a coupon execution or reduced product price notification, they need the marketing campaign elements to allow them to act quickly and the corresponding analytics capabilities to see how those changes impacted sales.

This is marketing in the real world. For those charged with effecting change or responses from customers, their real world is getting down to the job and executing. To do this, they need usable tools. The responses of the CMOs presented in Figure 1 clearly reveal the real-world requirements of their job. Each area in Figure 1 is relevant not just to the marketing department but also to other groups within the organization. For example, leads are generated not only through campaigns but also from service calls, old leads, referrals, and account management efforts. While the marketing department may be leading the charge, there truly is a ripple effect throughout the organization for each item noted in Figure 1.

Cold Stone Creamery, a leading ice cream chain, has had a birthday club program for many years. Customers who signed up for the birthday club would receive a coupon in the mail for a free ice cream on their special day. The original program was restricted to children under 13, but the company felt that the birthday club wasn't providing the connection to customers that it could. Cold Stone Creamery decided to open the birthday club to all customers, moved to a centralized customer data repository (Microsoft Dynamics CRM), and instituted online registration.

Through the use of the marketing automation capabilities in Microsoft Dynamics CRM, Cold Stone Creamery automatically generates and sends email messages to participants on their birthday, reminding customers to visit the Web site to retrieve their coupon for free ice cream. Customers benefit by receiving a timely reminder to claim their ice cream, and Cold Stone Creamery attains clearer insight into its broad customer base. The success of the online birthday club is evident in the numbers: The company currently has over 1.5 million birthday club participants (up from 250,000 at the start of the implementation), and it enrolls thousands of new members daily. Cold Stone Creamery once spent an average of $0.80 on printing and mailing each free ice cream coupon to birthday club participants, but these costs have been slashed to just pennies.

According to Heather Dorr, Senior Manager of Marketing Information Systems, "Our implementation of Microsoft Dynamics CRM will result in multimillion dollar savings for Cold Stone Creamery over the next two to three years."

Marketing Issues and Requirements

While departmental goals need to be aligned with corporate goals, individual departments must run their business as effectively as they can. Various departments and groups within an organization are striving to meet the demands of their customers. They need to drive business locally and maintain their local visibility into customer needs. If they are part of a larger organization, these initiatives must fit with the corporate goals and provide corporate with insight into the local performance. However, they are often challenged by lack of resources (time, money, people) and skills as well as the demands of their own job requirements.

With the implementation of Microsoft Dynamics CRM, Equinox Fitness has gained insight at both the corporate level and the local level that allows the company to respond to local competitive dynamics while maintaining consistency with corporate strategies. The fitness club's lead management process provided very limited visibility into the health of the business on a day-to-day basis. New member leads

were maintained on index cards with no ability to retrieve, order, or act without significant manual input. After Microsoft Dynamics CRM was installed with connectivity to all Equinox Fitness locations, visibility at both the corporate level and the local level was achieved. If a club manager sees that same-day closing percentages are down, marketing can create a promotion that offers a better rate for same-day joining. Or, if a manager sees a spike in leads from a competitor, he or she might run a promotion directed at those customers.

Dennis Napoliello, Senior Director of Sales at Equinox Fitness, states that "without Microsoft Dynamics CRM, we just couldn't see the trends, problems, and opportunities we're seeing now." Scott Rosen, Chief Operating Officer, adds, "Microsoft Dynamics CRM will allow us to easily and cost-effectively launch marketing campaign offerings specific to members, thereby increasing their satisfaction and the lifetime value of each member."

Business Requirements for Real-World Marketing Automation Applications

Solutions appropriate to satisfy the business requirements of the various groups requiring real-world marketing, while not inordinately numerous, are nonetheless essential for the success of the business.

User Experience

Heading the top of the list of requirements for real-world marketing is user experience. For business users to easily adopt a new technology, it must have a rich and easily understood interface. The application should have seamless integration with frequently used productivity applications (i.e., Microsoft Office and Outlook) because the user base will be leveraging those applications daily.

Chris Dill, Vice President and CIO of the Portland Trail Blazers, a franchise in the National Basketball Association, states, "In my experience, people typically revolt against a user interface if it's cumbersome. The familiar Microsoft Outlook look and feel was a big plus. Another thing we liked was the fact that we could adapt Microsoft Dynamics CRM to our business and processes."

Additionally, it is imperative that the marketing application minimize data entry. The application should provide preconfigured drop-down lists as well as autocomplete features and, most of all, seamlessly update and synchronize emails, contacts, and calendar entries between the marketing application and daily productivity applications. All of these features greatly reduce training requirements and increase user adoption.

At the end of the day, if the marketing automation/CRM solution is easy to use, users will be more inclined to leverage it, which will lead to richer data. Bruce Walkley, General Manager of Pumpkin Patch Direct, an international retailer, says that "because the new system [Microsoft Dynamics CRM] is quick and easy to use, our employees feel positive about it, which has had an impact on morale, and we get much richer information from it, which benefits our business."

IT Acceptance

From an internal support perspective, the applications selected must have IT acceptance to ensure that business users are not left without support. IT doesn't have the time or desire to be involved in every small change or configuration. However, IT also doesn't want to troubleshoot applications that are significantly outside its realm of experience or skill. Ensuring that marketing automation applications conform to open standards and provide end user–focused configuration capabilities helps ensure that corporate and local marketing and IT have a workable solution that also delivers consistency with corporate standards.

Marketing Functionality

We would be remiss if we didn't emphasize that the requisite marketing functionality must be available. The functionality should be focused on the critical path requirements of relationship management activities such as segmentation, campaign planning and execution, outbound email generation, response tracking, and customer management. For effective campaign management, the solution should have a wizard or guided interface that allows business users to easily create and execute campaigns on the fly. This capability has applicability across the CRM spectrum, including sales and call center staff, for such processes as end-of-quarter call down campaigns and the like.

Along the same lines, the application must facilitate the effortless tracking of responses in relation to marketing programs. The application should provide functionality for tracking products and pricing, including the ability to define product groups, list prices, unit prices, and discount prices, and tie everything back to marketing programs.

Another key area of concern is the ability to seamlessly track and monitor opt-in and opt-out preferences; something that is often mandated by privacy legislation. The ability to track those preferences should be native to the marketing automation solution and automatically monitored by the system. Tracking contact preferences, responses, and the history of interactions maintains and satisfies the regulatory requirements while ensuring the integrity of the relationship with the customer.

Figure 2 illustrates IDC's perspective on the closed loop marketing process from the initial segmentation to the campaign execution and the subsequent analysis.

FIGURE 2

CRM Marketing Life Cycle

Source: IDC, 2008

360-Degree Visibility

One of the elements that is critical to achieving real-world marketing is having a true 360-degree view of all customer details and marketing programs. Organizations need to be able to track all customer details, preferences, and interactions so they can identify the right target profile and execute relevant marketing programs against the right target group. They need to be able to see all completed campaigns and promotions so that they can send similar promotions to the same target group and, even more importantly, so that they don't inundate individuals with unwanted promotions.

According to Martin Bremner, Direct Marketing Manager of Pumpkin Patch Direct, Microsoft Dynamics CRM "provides us with a truly 360-degree view of our customer base and allows us to target them with relevant campaigns. The solution allows us to refine our marketing strategy by identifying better opportunities and targeting customers more accurately with catalogs and emails. Our data is far richer and more reliable, so we are sending catalogs to people who want them and who are more likely to make a purchase than might have otherwise done before."

Analytics

However, 360-degree visibility doesn't end with just tracking customer details and promotions. It is also the ability to effectively monitor and assess the impact of marketing programs, both holistically and locally, and ultimately use that knowledge to optimize subsequent marketing efforts. It boils down to "business intelligence." And as the term implies, it is about having a holistic and seamless view into your business.

Increasingly, what was the domain of only the largest companies or specialized groups within companies, business intelligence, is finding its way to the end user. While end users will not be required to become formal "business analysts," the insight from analytics and the business intelligence will help marketing and product groups stay aligned with corporate goals and strategies. From an end-user perspective, these are indeed behind-the-scenes capabilities that are critically important.

Fiona Buchner, Manager of eBusiness at South African Tourism, states that by linking and storing data about customers and linking results of marketing initiatives to them, managers can aggregate data to start establishing benchmarks. "That will allow us to start measuring performance and taking actions to improve those results," she says.

Data Management, Segmentation, and Workflow

The discussion regarding ease of use does not preclude the requirements for sophisticated capabilities within the product to support data management, segmentation, and workflow.

As mentioned earlier in the paper, robust workflow capabilities allow organizations to enforce best practices across the organization that in turn lead to improved efficiencies. With more individuals contacting shared customers, workflow capabilities are essential. For example, many organizations leverage references for their marketing/sales efforts, and an automated workflow can help ensure reference customers are not overused and are contacted only by the appropriate staff. Workflow rules not only enable best practices to be institutionalized but also ensure global consistency with corporate marketing, which reinforces the brand.

Much of this discussion has been in regard to enabling end users to perform marketing related to their customer segment or product. At the heart of any outbound marketing initiative is data. Without good data management, no successful initiative is possible. Most organizations are fraught with a wide variety of customer lists. Being able to successfully combine and deduplicate lists allows for clean data and more accurate segmentation of customers for a campaign.

Bruce Walkley, General Manager of Pumpkin Patch Direct, reinforces that point: "With the number of catalogs we send out, having accurate data is crucial in keeping the cost of mailings low. We chose Microsoft Dynamics CRM as the product that can deliver on that front, and we've been very happy with our choice."

CHALLENGES/OPPORTUNITIES

Enabling a broader set of employees to conduct marketing initiatives brings both challenges and opportunities. The most pressing challenges are the issues of consistency and corporate governance. While the majority of this white paper has directly focused on enabling the line of business, this must be tempered with the judicious granting of authority.

Televerde intends to increasingly enable its sales force to conduct its own outbound campaigns to customers. However, the company also intends to provide templates that are preapproved by marketing to the sales staff. The focus is to enable communications between salespeople and their customers, but with involvement from marketing, the company will ensure that both the messaging and the collateral will be consistent with corporate directives.

Compliance is an issue in and of itself. From finance to marketing, the requirements for compliance are increasing. New mediums of communication are introducing new issues in need of new policies. On the positive side, by providing staff who interact with customers with real-world marketing solutions, companies can reduce the burden on corporate marketing and local marketing teams can have more meaningful interactions with their customers. Marketing in turn will gain increased intimacy, and with a historical view of all activity/interactions, corporate marketing will gain insight from these initiatives.

CONCLUSION

With the ubiquity of the online world, our paradigms for communications have changed irrevocably. But the fundamentals have not. Specifically, organizations still need to efficiently and effectively execute marketing programs and ultimately increase awareness and generate leads. In other words, they need to engage in real-world marketing regardless of how communications have changed — or will change in the future.

Organizations should bear in mind the following:

☑ Marketing activities no longer happen *only* in the marketing department. There is a broader corporate requirement for individuals at all levels of the organization to understand that all customer interactions can be considered part of the marketing process.

☑ To enable departments and staff to interact with customers, easy-to-use and pragmatic tools, such as those with a common look and feel, are required to allow employees to be more effective in their marketing efforts and to reduce training time.

☑ The use of workflow is essential to enable the replication of best practices across the organization and to help foster a consistent and unified brand.

☑ The solution needs to be holistic, allowing anyone who engages with customers to have a 360-degree view of each customer and see all related campaigns, offers, and conversations.

Embracing these four points will enable more localized marketing initiatives, thus allowing those groups closest to the customer to build meaningful relationships. Marketing automation solutions should help staff be productive in their daily tasks so that they have more time to create impactful marketing programs.

APPENDIX

Definition

Marketing Automation Market

Customer relationship management applications automate the customer-facing business processes (i.e., sales, marketing, customer support, and contact center) within an organization, irrespective of industry specificity. Collectively, these applications serve to manage the entire life cycle of a customer — including the conversion of a prospect to a customer — and help an organization build and maintain successful relationships. Marketing automation applications are one of the four pillars of CRM defined by IDC.

Marketing applications software automates a wide range of individual and collaborative activities associated with the various dimensions of the marketing process. These dimensions include the following: ad management/placement, brand management, campaign execution, campaign planning and management, collateral management/distribution, database marketing, direct marketing, electronic catalog, event/trade show management, focus groups/media testing, fulfillment status linkage, lead qualification/distribution, list management, marketing resource management, media and analyst relations, personalization, surveying, upsell and cross-sell programs, Web activity analysis, and Web advertising.

Copyright Notice